

Intelligent Investment

United States Cap Rate Survey H1 2023

REPORT

Interest rate
volatility pushes up
cap rates

CBRE RESEARCH
JULY 2023

Introduction

The H1 2023 Cap Rate Survey provides a fresh perspective of where market sentiment is trending.

Welcome to CBRE's H1 2023 Cap Rate Survey (CRS). This survey was conducted in late May through early June 2023 and reflects transaction activity in the first half of 2023. While market conditions are fluid, the CRS provides a useful baseline and sheds light on how investor sentiment is evolving.

The CRS captures more than 3,000 cap rate estimates across more than 50 geographic markets to generate key insights from a wealth of data.

Please note that more than 200 CBRE real estate professionals completed the H1 2023 Cap Rate Survey. Given the current rapidly changing capital markets conditions, estimates may not reflect recent events or the most current market conditions. Readers should view all cap rate estimates within this context.

CBRE's H1 2023 Cap Rate Survey* (CRS) reflects the experiences of CBRE's capital markets and valuation professionals during the first half of 2023.

Estimating market cap rates remains challenging in an environment of constrained capital availability and very low sales volume. But as inflation slowly declines and the Fed nears the end of its rate-hiking cycle, we anticipate prices will generally stabilize toward the end of the year, with office values stabilizing in early 2024.

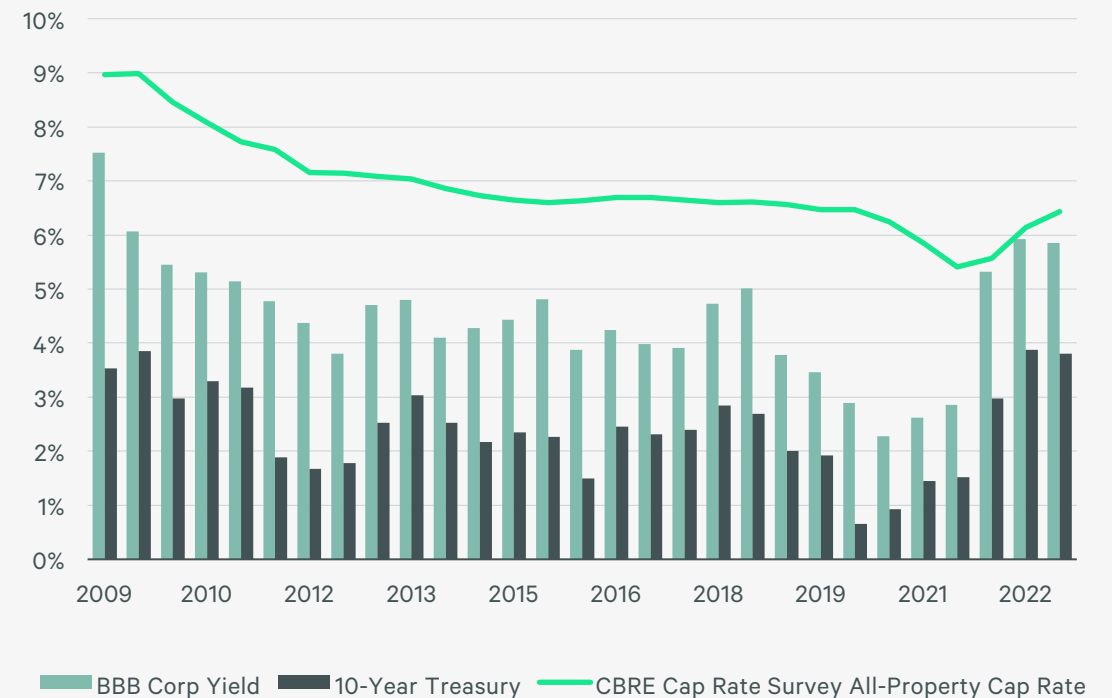
The H1 2023 CRS offers some guidance. The survey indicates that overall cap rates have increased more slowly compared with H2 2022.

- Retail saw the smallest cap rate increase aided by improved fundamentals, income growth and attractive pricing.
- Multifamily cap rates' upward expansion also slowed but oversupply is a concern within some markets.
- Industrial underwriting has grown more conservative for a similar reason.
- Office cap rates widened most sharply as investors demanded greater pricing discounts amid an uncertain outlook.

If investors are correct in sensing that the Fed's hiking cycle may end soon, greater interest rate certainty could be a catalyst to bring buyers and sellers together. In that scenario, the next six months could bring greater transparency and liquidity.

*Survey was conducted from late May through early June.

Figure 1: Bond Yield and All Property Average Cap Rates



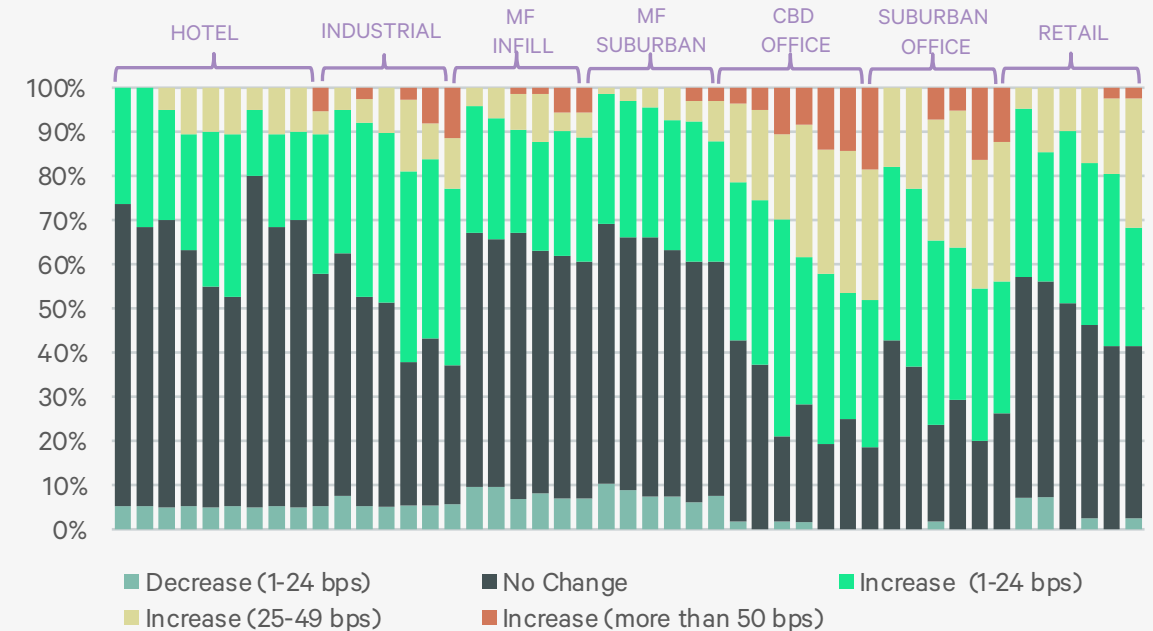
Source: CBRE Econometric Advisors.

More respondents believe cap rates are peaking

Cap rate expectations are changing. The H1 2023 Cap Rate Survey reveals that many CBRE capital markets and valuation professionals believe yields will stabilize during H2 2023. This represents a clear reversal from the H2 2022 survey and could possibly be due to progress on inflation and a belief that the Fed's tightening cycle will soon peak.

This turnaround is noticeable within the multifamily sector as investor interest is beginning to gain traction. Meanwhile, the hotel and retail sectors are bolstered by a conviction in continued consumption. The outlook for industrial is more mixed as anecdotal evidence suggests underwriting assumptions are becoming more conservative, especially for non-stabilized properties. Office remains an outlier as participants believe cap rates will continue to decompress.

Figure 2: How do respondents expect cap rates to trend during H2 2023? Share of respondents



Each bar represents property type delineation by class (e.g., A, B, and C), and investment style (e.g., Stabilized, Value-Add). Many respondents to the H1 2023 CRS believe that most hotel property types (e.g., Independent or Branded) will not see an increase in cap rate.

Source: CBRE Econometric Advisors.

Multifamily Infill

East

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Baltimore	4.75% - 5.25%	5.25% - 5.75%	4.5% - 5%	4.75% - 5.25%
Boston	4.75% - 6%	4.25% - 4.75%	4.25% - 5.75%	4.75% - 5.5%
New York City	4.5% - 5%	4.5% - 4.75%	4.75% - 5.25%	4.75% - 5.25%
Northern New Jersey	4.5% - 5%	5% - 5.5%	4.75% - 5.25%	5% - 5.5%
Philadelphia	4.75% - 5.5%	5% - 5.5%	5.5% - 6.5%	5.5% - 6.25%
Stamford	5% - 5.75%	5.25% - 5.75%	5.25% - 6.25%	5.5% - 6%
Washington, D.C.	5% - 5.5%	5% - 5.5%	5.25% - 5.75%	5.5% - 5.75%

Midwest

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Chicago	4.25% - 5%	5% - 5.5%	4.5% - 5.25%	5% - 5.5%
Cincinnati	4.75% - 5.25%	5% - 5.5%	6% - 6.5%	6% - 6.5%
Detroit	5.25% - 6%	5.25% - 6.25%	5.75% - 6.5%	5.75% - 6.75%
Indianapolis	4.5% - 5%	5% - 5.5%	4.75% - 5.25%	5% - 5.5%
Kansas City	4.75% - 5.25%	5.25% - 5.5%	5.25% - 5.75%	5.75% - 6%
Milwaukee	5% - 5.75%	5.25% - 6%	5% - 5.5%	5.5% - 6.25%
Minneapolis	5% - 5.25%	5.5% - 5.5%	5% - 5.5%	5.25% - 5.5%
Omaha	4% - 6%	5.25% - 5.5%	4% - 6%	5% - 6%
St. Louis	4.75% - 5.5%	5% - 5.5%	5.5% - 6%	5.5% - 6%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Multifamily Infill

South

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Atlanta	4.5% - 5%	4.5% - 5%	5% - 5.5%	5% - 5.5%
Austin	3.75% - 4.25%	4% - 4.75%	3.75% - 4.25%	4% - 4.5%
Charlotte	4% - 4.75%	4.5% - 5%	4% - 4.75%	4.5% - 5%
Dallas	4% - 4.75%	4.25% - 4.75%	4% - 4.75%	4.5% - 5%
Houston	4% - 4.5%	4.25% - 4.75%	4.5% - 5%	4.75% - 5.25%
Jacksonville	4.75% - 5.75%	5% - 5.5%	5% - 6%	5% - 5.5%
Nashville	4% - 4.75%	4.5% - 5.25%	4.25% - 5%	4% - 5%
Orlando	4% - 4.75%	4.75% - 5.25%	4.25% - 5%	5% - 5.5%
Raleigh-Durham	4.25% - 4.75%	4.25% - 5%	4.75% - 5.25%	5% - 5.5%
Richmond	4.5% - 5.25%	5% - 5.5%	4.25% - 5.5%	5% - 5.5%
San Antonio	4% - 4.5%	4% - 4.75%	4.25% - 4.75%	4% - 4.75%
Tampa	4.5% - 5%	4.75% - 5.5%	4.75% - 5.25%	5% - 5.75%
Tulsa	5.25% - 6%	5.25% - 6%	5.25% - 6%	5.25% - 6%
West Palm Beach	-	4% - 4.75%	-	4.25% - 5%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

West

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Boise	4% - 5.25%	5.25% - 5.5%	4.25% - 5.5%	4.75% - 5%
Denver	4.75% - 5.25%	4.5% - 5%	4.75% - 5.25%	4.75% - 5%
Inland Empire	2.5% - 3.25%	4.5% - 5%	2.75% - 3.75%	5% - 5.25%
Las Vegas	5% - 5.25%	4.75% - 5%	5% - 5.25%	5% - 5.25%
Los Angeles	4% - 4.25%	4.25% - 4.5%	-	4% - 4.5%
Orange County	4% - 4.5%	4.25% - 4.75%	4% - 4.25%	4.25% - 5%
Phoenix	5% - 5.25%	4.75% - 5.25%	5.75% - 6%	5.25% - 5.75%
Portland	4.5% - 5%	4.5% - 5%	4.5% - 5%	4.5% - 5%
Salt Lake City	4.75% - 5.25%	5% - 5.5%	4.75% - 5.75%	4.75% - 5.25%
San Diego	4% - 4.5%	4.5% - 4.75%	4.25% - 4.75%	4.75% - 5%
San Francisco	4.5% - 5%	4.5% - 5.5%	4.5% - 5.5%	4.75% - 5.75%
San Jose	4.25% - 4.75%	4.75% - 5.25%	4.25% - 4.75%	4.75% - 5.25%
Seattle	4% - 4.5%	4.5% - 5%	4.25% - 4.75%	4.75% - 5%
Tucson	4.25% - 4.5%	5% - 5.25%	4.5% - 4.75%	5.25% - 5.5%

Multifamily Suburban

East

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Baltimore	5% - 5.5%	5.5% - 6%	4.75% - 5.5%	5% - 5.5%
Boston	5.5% - 6.5%	4.5% - 5.25%	5.25% - 6.5%	5.25% - 5.75%
Northern New Jersey	4.25% - 5%	4.5% - 5.25%	4.5% - 5.25%	5% - 5.5%
Philadelphia	4.75% - 5.25%	5% - 5.5%	5.25% - 5.75%	5.5% - 5.75%
Stamford	5% - 5.75%	5.5% - 6%	5.25% - 6.25%	5.75% - 6.25%
Washington, D.C.	5.25% - 5.75%	5% - 5.5%	5.5% - 6%	5.5% - 6%

Midwest

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Chicago	4.5% - 5.25%	5% - 5.5%	5% - 5.5%	5.25% - 5.75%
Cincinnati	4.75% - 5.25%	5% - 5.5%	5.75% - 6.25%	5.75% - 6.25%
Detroit	5% - 6%	5% - 5.75%	5.5% - 6.5%	5.25% - 6.25%
Indianapolis	4.5% - 5%	5% - 5.5%	4.75% - 5.25%	5% - 5.5%
Kansas City	4.75% - 5.25%	5.25% - 5.5%	5.25% - 5.75%	5.75% - 6%
Milwaukee	5% - 5.75%	5.25% - 6%	5% - 5.5%	5.5% - 6.25%
Minneapolis	4.75% - 5%	5% - 5.5%	5% - 5.5%	5% - 5.5%
Omaha	4% - 5.5%	5.25% - 5.5%	4% - 5.5%	5% - 6%
St. Louis	4.75% - 5.5%	4.75% - 5.5%	5.5% - 6.25%	5.25% - 5.75%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Multifamily Suburban

South

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Atlanta	4.75% - 5.25%	5% - 5.5%	5.25% - 5.75%	5.5% - 6%
Austin	4% - 4.5%	3.75% - 4.5%	4% - 4.5%	3.75% - 4.5%
Charlotte	4.25% - 4.75%	4.25% - 5%	4.25% - 4.75%	4.25% - 5%
Dallas	4% - 5%	4.5% - 5%	4% - 4.75%	4.5% - 5%
Houston	4.5% - 5%	4.5% - 5%	5% - 5.5%	5% - 5.5%
Jacksonville	4.5% - 5.25%	5% - 5.5%	5% - 6%	5% - 5.5%
Nashville	4.25% - 5%	4.5% - 5.5%	4.5% - 5.5%	4.25% - 5.25%
Orlando	4.25% - 5%	4.75% - 5.25%	4.25% - 5%	5% - 5.5%
Raleigh-Durham	4.25% - 4.75%	4.25% - 5%	4.75% - 5.25%	4.75% - 5.25%
Richmond	4.75% - 5.5%	5.25% - 5.75%	4.5% - 6%	5.5% - 6%
San Antonio	4% - 4.5%	4% - 4.75%	4.25% - 4.75%	4% - 4.75%
Tampa	4.5% - 5%	4.75% - 5.5%	5% - 5.5%	5.25% - 5.75%
Tulsa	5.25% - 6%	5.25% - 6%	5.25% - 6%	5.25% - 6%
West Palm Beach	-	4% - 4.75%	-	4.25% - 5%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

West

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Albuquerque	5.25% - 5.5%	5.25% - 5.75%	5.75% - 6%	5% - 5.5%
Boise	4% - 5.25%	5.25% - 5.5%	4.25% - 5.5%	5% - 5.25%
Denver	4.75% - 5.25%	4.5% - 5%	4.75% - 5.25%	4.75% - 5%
Inland Empire	4% - 4%	4.5% - 5%	-	5% - 5.5%
Las Vegas	4.75% - 5%	4.75% - 5%	5% - 5.25%	5% - 5.25%
Los Angeles	3.5% - 4.25%	4.25% - 4.5%	4.25% - 5.75%	4% - 4.5%
Orange County	4% - 4.75%	4.25% - 4.75%	4.25% - 4.75%	4.25% - 5%
Phoenix	5% - 5.25%	4.75% - 5.25%	5.75% - 6%	5.25% - 5.75%
Portland	4.5% - 5%	4.75% - 5.25%	4.5% - 5%	4.75% - 5.25%
Salt Lake City	4.75% - 5.25%	5% - 5.75%	4.75% - 5.75%	4.75% - 5.25%
San Diego	4% - 4.5%	4.5% - 4.75%	4.25% - 4.75%	4.75% - 5%
San Francisco	4.5% - 5.5%	4.5% - 5.5%	4.5% - 5.5%	4.75% - 5.5%
San Jose	4.25% - 4.75%	4.75% - 5.25%	4.25% - 4.75%	4.75% - 5.25%
Seattle	4.5% - 5%	4.75% - 5.25%	4.75% - 5%	5% - 5.5%
Tucson	4.25% - 4.5%	5.25% - 5.5%	4.25% - 4.75%	5.5% - 5.75%

Office Downtown

East

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Baltimore	7.75% - 8.5%	7.5% - 8%	8.75% - 9.75%	8.5% - 9.5%
Boston	5.5% - 6%	6% - 7%	6% - 6.5%	7% - 8%
New York City	5.5% - 6%	5.5% - 6.25%	6.5% - 7%	5.75% - 6.75%
Philadelphia	7% - 8.25%	7.5% - 8.5%	9.5% - 11%	12% - 15%
Stamford	7.5% - 8%	7.25% - 7.75%	9.75% - 10.25%	9.5% - 10%
Washington, D.C.	5.5% - 6%	7% - 7.75%	6.25% - 7.25%	8.75% - 10.25%

Midwest

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Chicago	6% - 6.75%	7.75% - 8.5%	6.75% - 7.75%	8% - 8.75%
Detroit	8.75% - 9.5%	7.75% - 9.5%	9% - 10%	8.5% - 10.75%
Minneapolis	7% - 7.5%	7.5% - 8%	8.5% - 9.5%	9% - 9.75%
Omaha	5% - 7%	7% - 8%	4% - 8%	6% - 8%
St. Louis	8.5% - 9%	8.75% - 10%	8.75% - 9.75%	9.75% - 10.5%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Office Downtown

South

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Atlanta	5.5% - 6%	6.5% - 7.5%	7.5% - 8.5%	8% - 9%
Austin	5.75% - 6.5%	6.25% - 7.5%	6.25% - 7%	8% - 9%
Charlotte	6% - 6.5%	7% - 7.75%	9% - 10%	10% - 11%
Dallas	6% - 6.75%	6.5% - 7.25%	8% - 8.5%	7.75% - 8.75%
Houston	6.25% - 7.5%	7.25% - 8.25%	8.75% - 9.75%	9.75% - 10.75%
Miami	5.5% - 6.25%	6% - 6.5%	6.25% - 7%	6.5% - 7%
Nashville	6.25% - 7.5%	7% - 8%	7% - 8.25%	9% - 10%
Orlando	6% - 7%	6% - 7.5%	7% - 8%	7% - 8.5%
Raleigh-Durham	7% - 8%	7.5% - 8%	7.5% - 8.5%	8% - 8.5%
Richmond	6.5% - 8%	7% - 8.25%	7% - 9%	6.5% - 9%
San Antonio	6.75% - 7.75%	7% - 7.25%	9.5% - 10.5%	8.5% - 9%
Tampa	6.25% - 7.25%	6.5% - 7.5%	7.25% - 8.25%	7.25% - 8.5%

West

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Albuquerque	7.5% - 8.5%	7.75% - 8%	9% - 10%	8.5% - 9%
Denver	6.25% - 6.75%	6.5% - 7%	7% - 7.75%	7.25% - 7.75%
Las Vegas	7% - 7.5%	6.75% - 7.5%	6.5% - 7%	7% - 8%
Los Angeles	6.25% - 7%	7% - 7.5%	6.5% - 7%	8% - 9%
Oakland	6.5% - 7%	7% - 9%	7.5% - 8%	7.5% - 9.5%
Orange County	6.25% - 7.25%	6.75% - 7.75%	-	7.5% - 8.5%
Portland	6% - 7.5%	7% - 9%	7.5% - 9%	8% - 9.5%
Sacramento	6.75% - 7.25%	7% - 7.75%	7.75% - 8.25%	7.5% - 8.5%
Salt Lake City	6% - 6.75%	7.5% - 8%	7.25% - 7.5%	9.75% - 9.75%
San Diego	6.75% - 7.25%	7% - 7.5%	6.25% - 7%	7.25% - 7.75%
San Francisco	6% - 6.75%	6.5% - 7.5%	7.5% - 8.25%	9.5% - 11%
San Jose	5.5% - 6.5%	6.5% - 7.5%	7.5% - 8.5%	7.5% - 8.5%
Seattle	5.25% - 6%	6.25% - 7%	6.5% - 7%	7.75% - 8.75%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Office Suburban

East

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Baltimore	7.75% - 8.5%	8.25% - 8.75%	8.75% - 9.75%	9% - 9.5%
Boston	6% - 6.5%	9% - 10%	6% - 6.75%	10% - 11%
Northern New Jersey	7.5% - 8.25%	7.75% - 8.5%	7.75% - 8.25%	8% - 8.5%
Philadelphia	7.5% - 8.5%	8.5% - 9.5%	8.75% - 9.75%	10% - 12%
Stamford	8.25% - 8.75%	8% - 8.5%	10.5% - 11%	10.25% - 10.75%
Washington, D.C.	6% - 7.25%	7.75% - 9%	7% - 8.25%	9.75% - 11.25%

Midwest

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Chicago	8% - 8.75%	8.25% - 9%	8.25% - 8.75%	8.75% - 9.5%
Detroit	8.5% - 9.5%	7.75% - 9.25%	8.75% - 9.75%	8.5% - 9.75%
Minneapolis	7.75% - 8.5%	7.5% - 8%	9.25% - 10.25%	8.75% - 9.5%
Omaha	5% - 7%	6% - 7%	4% - 8%	6% - 8%
St. Louis	7.25% - 8%	8.25% - 9%	8% - 8.75%	8.75% - 9.5%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Office Suburban

South

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Atlanta	6.5% - 7.5%	7% - 8%	8% - 9%	9% - 11%
Austin	6% - 7%	6.5% - 8%	7% - 8%	8.5% - 9.5%
Charlotte	7.5% - 8%	7.75% - 8.25%	9% - 10%	10% - 11%
Dallas	6.25% - 7.25%	6.5% - 7%	7.75% - 8.5%	8% - 8.75%
Houston	6.5% - 7.5%	7.25% - 8.25%	9% - 10%	10.25% - 11.25%
Miami	6.5% - 7%	7% - 7.5%	7.25% - 7.75%	7.5% - 8%
Nashville	6.75% - 8%	7.25% - 8.25%	7.5% - 8.5%	8.25% - 9.25%
Orlando	7% - 7.75%	7% - 9.25%	7.75% - 8.75%	7.75% - 7.75%
Raleigh-Durham	7.25% - 7.75%	7.5% - 8%	7.5% - 8%	8% - 8.5%
Richmond	7% - 8.25%	7.5% - 8.5%	7% - 8.5%	7.5% - 9%
San Antonio	6.75% - 8%	7.5% - 7.75%	9.5% - 10.5%	8.5% - 8.75%
Tampa	7.25% - 8%	7.75% - 8.5%	8.25% - 9%	8% - 9%

West

Market	Class A Stabilized		Class A Value-add	
	H2 2022	H1 2023	H2 2022	H1 2023
Albuquerque	7.75% - 8.5%	7.75% - 8%	9% - 10%	8% - 8.5%
Denver	7% - 7.5%	7% - 7.5%	7.5% - 8.5%	7.5% - 8.25%
Inland Empire	7% - 7.5%	7.25% - 7.75%	8.5% - 9.5%	9% - 10%
Las Vegas	7% - 7.5%	6.75% - 7.5%	6.5% - 7%	6.5% - 7.5%
Los Angeles	6% - 6.5%	7% - 7.5%	6.5% - 7.5%	8% - 9%
Oakland	6.5% - 7%	8% - 10%	7.5% - 8%	8.5% - 10.5%
Orange County	6.5% - 7.5%	7% - 8%	-	8% - 9%
Portland	6.25% - 7.75%	7.5% - 8.5%	7.5% - 8.5%	8.5% - 9.5%
Sacramento	7% - 7.5%	7% - 8%	8% - 8.5%	7.75% - 8.5%
Salt Lake City	6.25% - 7%	7% - 7.5%	7.25% - 7.5%	8% - 8.5%
San Diego	6.75% - 7.25%	6.75% - 7.25%	6.25% - 7%	7% - 7.5%
San Francisco	7.25% - 8%	8% - 9%	9% - 9%	13% - 15%
San Jose	6% - 7%	6.5% - 7.5%	6.5% - 8.5%	7.5% - 8.5%
Seattle	5.75% - 6.5%	6.75% - 7.75%	7% - 8.5%	8.5% - 9.5%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Industrial

East

Market	Class A Stabilized		Class B Stabilized	
	H2 2022	H1 2023	H2 2022	H1 2023
Allentown	4.5% - 5.5%	4.75% - 5.25%	5% - 6%	5.25% - 6%
Baltimore / Washington, D.C.	4.75% - 5.5%	5% - 5.5%	5.75% - 6.5%	6% - 6.75%
Boston	4.5% - 5.5%	4.75% - 5.25%	5% - 6%	5.25% - 6%
Central New Jersey	4.25% - 4.75%	4.5% - 5%	4.75% - 5.5%	5% - 6%
Northern New Jersey	4% - 4.5%	4.5% - 5%	4.75% - 5.5%	5% - 5.75%
Philadelphia	4.5% - 5.5%	4.75% - 5.25%	5% - 6%	5.25% - 6%
Pittsburgh	5.25% - 6.25%	5.75% - 6.25%	5.75% - 6.75%	6.25% - 7%
Stamford	5% - 5.5%	5.5% - 6%	5.75% - 7%	6% - 7%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions. Class A is defined as new state-of-the-art distribution product, single or multi-tenant, stabilized occupancy at market rent with +/- 5 years of WALT and annual escalations of 3% or greater. Class B is defined as older functionally viable distribution product. Source: CBRE Research, H1 2023.

Midwest

Market	Class A Stabilized		Class B Stabilized	
	H2 2022	H1 2023	H2 2022	H1 2023
Chicago	5.25% - 5.75%	5.5% - 5.75%	5.75% - 6.25%	5.75% - 6.5%
Cincinnati	5.5% - 6%	5.5% - 5.75%	6% - 6.5%	6% - 6.75%
Cleveland	6.25% - 6.75%	6% - 6.5%	6.75% - 7.25%	6.75% - 7.5%
Columbus	5.5% - 6%	5.5% - 5.75%	6% - 6.5%	6% - 6.75%
Detroit	6.25% - 6.75%	6% - 6.5%	6.75% - 7.25%	6.75% - 7.5%
Indianapolis	5.5% - 6%	5.5% - 6%	6% - 6.5%	6% - 6.75%
Kansas City	5.75% - 6.25%	5.75% - 6%	6.25% - 6.75%	6.25% - 7%
Louisville	5.5% - 6%	5.5% - 6%	6% - 6.5%	6% - 6.75%
Milwaukee	6% - 6.5%	5.75% - 6%	6.5% - 7%	6.25% - 7%
Minneapolis	5.5% - 6%	5.5% - 5.75%	6% - 6.5%	6% - 6.75%
Omaha	5% - 7%	6% - 7%	5% - 7%	6% - 7%
St. Louis	5.75% - 6.25%	5.75% - 6%	6.25% - 6.75%	6.25% - 7%

Industrial

South

Market	Class A Stabilized		Class B Stabilized	
	H2 2022	H1 2023	H2 2022	H1 2023
Atlanta	4.75% - 5.25%	5% - 5.5%	5.5% - 6%	5.5% - 6.25%
Austin	4.75% - 5.75%	4.75% - 5.25%	5.25% - 6.25%	5% - 5.75%
Charleston	5.25% - 5.75%	5.25% - 5.75%	5.75% - 6.25%	5.75% - 6.5%
Charlotte	5.25% - 5.75%	5.25% - 5.75%	5.75% - 6.25%	5.75% - 6.5%
Dallas	4.75% - 5.75%	4.75% - 5.25%	5.25% - 6.25%	5% - 5.75%
El Paso	5.25% - 6%	5.25% - 5.75%	5.75% - 6.75%	5.75% - 6.5%
Houston	4.75% - 5.75%	5% - 5.25%	5.25% - 6.25%	5.25% - 6%
Jacksonville	5.25% - 5.75%	5.5% - 6%	6% - 6.5%	6% - 6.5%
Memphis	5.75% - 6.25%	5.75% - 6.25%	6% - 6.5%	6% - 6.75%
Miami	4.25% - 4.75%	4.5% - 5%	5% - 5.5%	5% - 5.5%
Nashville	5% - 5.5%	5.25% - 5.75%	5.5% - 6%	5.5% - 6.25%
Norfolk	5% - 5.5%	5.25% - 5.75%	5.75% - 6.5%	6% - 6.75%
Oklahoma City	5.75% - 6.75%	5.75% - 6.75%	6% - 7.25%	6% - 6.75%
Orlando	5% - 5.5%	5.25% - 5.5%	5.5% - 6%	5.75% - 6.25%
Richmond	5% - 5.5%	5.25% - 5.75%	5.75% - 6.5%	6% - 6.75%
San Antonio	5% - 6%	5.25% - 5.75%	5.5% - 6.5%	5.5% - 6.25%
Savannah	5% - 5.5%	5.25% - 5.75%	5.75% - 6.25%	5.75% - 6.5%
Tampa	5.25% - 5.75%	5.25% - 5.75%	5.75% - 6.25%	5.75% - 6.25%
Tulsa	6% - 7%	6% - 6.5%	6.25% - 7.5%	6.25% - 7%

West

Market	Class A Stabilized		Class B Stabilized	
	H2 2022	H1 2023	H2 2022	H1 2023
Boise	5% - 5.75%	5% - 5.75%	5.5% - 6.25%	5.75% - 6.25%
Denver	4.75% - 5.5%	4.75% - 5.25%	5.25% - 6%	5.25% - 6%
Honolulu	5% - 5.75%	5% - 5.5%	5.5% - 6.25%	5.5% - 6.25%
Central Valley	5% - 5.75%	5% - 5.5%	5.5% - 6.25%	5.5% - 6%
Las Vegas	4.5% - 5.25%	4.75% - 5.25%	5% - 5.75%	5.25% - 5.75%
Southern California	4.25% - 5%	4.75% - 5.25%	4.75% - 5.5%	5.25% - 5.75%
Oakland	4.25% - 5%	4.75% - 5.25%	4.75% - 5.5%	5.25% - 5.75%
Phoenix	4.75% - 5.5%	5% - 5.5%	5.25% - 6%	5.5% - 6.25%
Portland	4.75% - 5.5%	5% - 5.5%	5.25% - 6%	5.5% - 6%
Reno	5% - 5.75%	5% - 5.5%	5.5% - 6.25%	5.5% - 6%
Sacramento	5% - 5.75%	5% - 5.5%	5.5% - 6.25%	5.5% - 6%
Salt Lake City	4.75% - 5.5%	5% - 5.5%	5.25% - 6%	5% - 6%
San Diego	4.5% - 5.25%	4.75% - 5.25%	5% - 5.75%	5.25% - 5.75%
Seattle	4.25% - 5%	4.5% - 5%	4.75% - 5.5%	5.5% - 5.75%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions. Class A is defined as new state-of-the-art distribution product, single or multi-tenant, stabilized occupancy at market rent with +/- 5 years of WALT and annual escalations of 3% or greater. Class B is defined as older functionally viable distribution product. Source: CBRE Research, H1 2023.

Retail

East

Market	Class A Neighborhood Center Stabilized	
	H2 2022	H1 2023
Boston	6% - 6.5%	6.25% - 7%
New York City	5.75% - 6.5%	5.75% - 6.75%
Northern New Jersey	5.75% - 6.5%	5.75% - 6.75%
Philadelphia	6.5% - 7.25%	6.5% - 7.25%
Stamford	5.75% - 6.75%	5.75% - 6.75%
Washington, D.C.	5.75% - 6.75%	5.75% - 6.75%

Midwest

Market	Class A Neighborhood Center Stabilized	
	H2 2022	H1 2023
Chicago	6% - 6.75%	6.5% - 7.25%
Cincinnati	6.5% - 7.5%	6.75% - 8%
Cleveland	6.75% - 7.75%	7% - 8%
Columbus	6.5% - 7.5%	6.75% - 8%
Detroit	6.75% - 7.75%	7% - 8%
Indianapolis	6.5% - 7.5%	6.75% - 8%
Kansas City	6.5% - 7.5%	6.75% - 8%
Louisville	6.5% - 7.5%	6.75% - 8%
Milwaukee	6.5% - 7.5%	6.75% - 8%
Minneapolis	6% - 6.75%	6.5% - 7.25%
Omaha	6.5% - 7.5%	6.75% - 8%
St Louis	6.5% - 7.5%	6.75% - 8%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Retail

South

Market	Class A Neighborhood Center Stabilized	
	H2 2022	H1 2023
Atlanta	5.75% - 6.5%	5.75% - 6.75%
Austin	5.5% - 6.25%	5.75% - 6.5%
Charlotte	5.75% - 6.5%	5.75% - 6.75%
Dallas	5.75% - 6.5%	5.75% - 6.75%
Fort Lauderdale	5.5% - 6.25%	5.75% - 6.5%
Houston	5.75% - 6.5%	5.75% - 6.75%
Jacksonville	5.75% - 6.5%	5.75% - 6.75%
Miami	5.5% - 6.25%	5.75% - 6.5%
Nashville	5.5% - 6.25%	5.75% - 6.5%
Orlando	5.75% - 6.5%	5.75% - 6.75%
San Antonio	5.75% - 6.5%	5.75% - 6.75%
Tampa	5.75% - 6.5%	5.75% - 6.75%
West Palm Beach	5.75% - 6.5%	5.75% - 6.75%

West

Market	Class A Neighborhood Center Stabilized	
	H2 2022	H1 2023
Albuquerque	7% - 7.75%	7% - 7.75%
Denver	5.5% - 6.25%	5.75% - 6.5%
Inland Empire	5.75% - 6.5%	5.75% - 6.75%
Las Vegas	6.75% - 7%	5.5% - 7%
Los Angeles	5% - 6.5%	5% - 6.5%
Orange County	5.25% - 6.75%	5.25% - 6.75%
Phoenix	5.5% - 6.25%	5.75% - 6.5%
Salt Lake City	5.75% - 6.5%	5.75% - 6.75%
San Jose	5.75% - 6.5%	5.75% - 6.75%
Seattle	5.5% - 7%	5.5% - 7%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Hotel

Market	Full Service /Branded			Limited Service / Branded		
	Luxury Destination Resort	City Center	Other	Drive-To Resort	City Center	Other
Atlanta	6% - 7%	7.5% - 8.5%	8% - 9%	7% - 8%	7.5% - 8.5%	8% - 9%
Austin	6% - 7.5%	6.5% - 7.5%	7% - 8%	6.5% - 7.5%	7% - 8%	7.5% - 8.5%
Boston	-	7% - 8%	8% - 9.5%	6% - 8%	6.5% - 8%	8% - 10%
Columbus	-	8% - 8.5%	8.5% - 9%	-	8% - 8.5%	8.5% - 9.5%
Dallas	6.5% - 8%	7% - 8%	7.5% - 8.5%	7% - 8%	7.5% - 8.5%	8% - 9%
Denver	6% - 7%	7.5% - 8.5%	8% - 9%	7% - 7.5%	7.5% - 8.5%	8% - 9%
Detroit	7.5% - 8.5%	7.5% - 8.5%	8% - 9.5%	8% - 9%	8% - 9%	8.5% - 10%
Houston	7% - 8.5%	7.5% - 8.5%	7.75% - 8.75%	7.5% - 8.5%	8% - 9%	8.5% - 9.5%
Las Vegas	7% - 8%	8% - 8.5%	8% - 8.5%	7.5% - 8.5%	8.5% - 10%	8.5% - 10%
Los Angeles	4.5% - 6.25%	6.25% - 7.5%	6.25% - 7.75%	5.75% - 7%	6.75% - 8%	7% - 8.5%
Miami	5.5% - 7%	6% - 7.5%	7.5% - 8.5%	6.5% - 7.5%	7.5% - 9%	8.5% - 11%
Nashville	6.5% - 7.5%	7% - 8%	8% - 9%	7.5% - 8.5%	8% - 9%	8.5% - 9.5%
New Orleans	6.75% - 8.25%	7.25% - 8.25%	7.75% - 8.75%	7.25% - 8.25%	7.75% - 8.75%	8.25% - 9.25%
New York City	4.5% - 5.5%	5.5% - 7.5%	6% - 8%	5.5% - 7%	6.5% - 8%	7% - 9%
Orlando	5.75% - 7%	7% - 7.5%	7.25% - 7.75%	6.25% - 7.25%	8.25% - 8.75%	8.5% - 9.25%
Philadelphia	6.5% - 7.5%	6.5% - 7.5%	7% - 8.5%	7% - 8.5%	7.5% - 8.5%	7.5% - 8.5%
Phoenix	7.5% - 9.5%	7.5% - 9.5%	7.5% - 9.25%	7.5% - 9.25%	7.5% - 9.5%	7.5% - 9.5%
Sacramento	5.5% - 7%	6.5% - 8%	6.5% - 8%	5.5% - 7%	7% - 8.5%	7.5% - 9%
Salt Lake City	7% - 7.5%	7.5% - 8%	8% - 8.5%	7.5% - 8%	8.5% - 8.75%	8.75% - 9.25%
San Antonio	6.75% - 8.25%	7.25% - 8.25%	7.5% - 9%	7.25% - 8.25%	7.75% - 8.75%	8.25% - 9.25%

Note: Survey results were collected from late-May through early-June 2023 and may not reflect current market conditions.
Source: CBRE Research, H1 2023.

Definitions

- The cap rates presented in this report are based upon estimates by CBRE capital markets and valuation professionals. These estimates are informed by recent trades within their respective markets and discussions with investors. The ranges represent the cap rates at which a given asset is likely to trade in the current market. Cap rates within each subtype vary, occasionally falling outside the stated ranges, based on asset location, quality and property-specific characteristics.
- The cap rate is the ratio of net operating income (NOI) to the acquisition price of the asset. The NOI calculation is based on net income less operating expenses. Because hotel occupancies within some segments remain low—mainly urban business travel properties—cap rate estimates are sometimes based upon hypothetical stabilized NOIs.
- Stabilized properties are assets leased at market rents with typical lease terms and have vacancy levels close to market averages.
- Value-add cap rates are the ratio of stabilized NOI after property enhancements to the acquisition price of the asset plus value-add capital.



Contacts

Research

Richard Barkham, Ph.D.

Global Chief Economist &
Head of Americas Research
richard.barkham@cbre.com

Dennis Schoenmaker, Ph.D.

Principal Economist, Executive Director
CBRE Econometric Advisors
dennis.schoenmaker@cbre.com

Darin Mellott

Vice President, Capital Markets Research
darin.mellott@cbre.com

Matthew Mowell

Senior Managing Economist
CBRE Econometric Advisors
matt.mowell@cbre.com

Michael Leahy

Senior Research Analyst
CBRE Econometric Advisors
michael.leahy1@cbre.com

Capital Markets

Chris Ludeman

Global President
chris.ludeman@cbre.com

Kevin Aussef

Global Chief Operating Officer
kevin.aussef@cbre.com

Rachel Vinson

President, U.S. Debt & Structured Finance
rachel.vinson@cbre.com

Chris Riley

President, Industrial & Logistics
chris.riley@cbre.com

Kelli Carhart

Executive Managing Director, Multifamily
kelli.carhart@cbre.com

Chris Decouflé

Executive Vice President, Retail
chris.decoufle@cbre.com

Bill Grice

Americas Head, Hotels
bill.grice@cbre.com

Valuation & Advisory Services

Thomas Edwards, FRICS, CPV

Global President
Valuation & Advisory Services
thomas.edwards@cbre.com

Global Client Care

Matt Werner

Global President, Client Care
matt.werner@cbre.com

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