

Northmarq

Q4 2022

MarketSnapshot



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At Year-End, Market Momentum Slows Across Both STNL and Multi-Tenant Retail Sectors

The overall single-tenant net lease market posted its third strongest year in history, with approximately \$77.6 billion in sales volume. A strong start to the year, as 2021's momentum carried over to first quarter 2022, allowed the market to perform as well as it did annually, but recent quarterly activity tells a different story. Influencing factors, like inflation and rising interest rates, have seemingly caught up with investors and sales volume has slowed considerably. In fact, the single-tenant net lease market has now reported four consecutive quarters of declining activity and quarterly totals are down 66 percent year-over-year.

The fourth quarter comparison is perhaps overly dramatic due to last year's record-setting final quarter, but looking forward, it's likely that we'll continue to see lower levels of sales volume in the coming quarters rather than a return to near-record highs. There is currently enough uncertainty in the market that some investors may choose to observe from the sidelines, taking a more cautious approach. Alternatively, as pricing trends shake out, investors seeking higher yields may find new opportunities. There is no expectation that investment activity across the single-tenant net lease market will grind to a halt, but the market should be prepared to see conservative activity levels in at least the first half of 2023. Past the mid-year point, demand will be influenced by economic conditions – especially if we enter a recession – interest rate levels, supply/demand dynamics, and the willingness of sellers to correctly price new-to-market assets. An imbalance with any one of these influences could impact overall demand levels for 2023 and beyond.

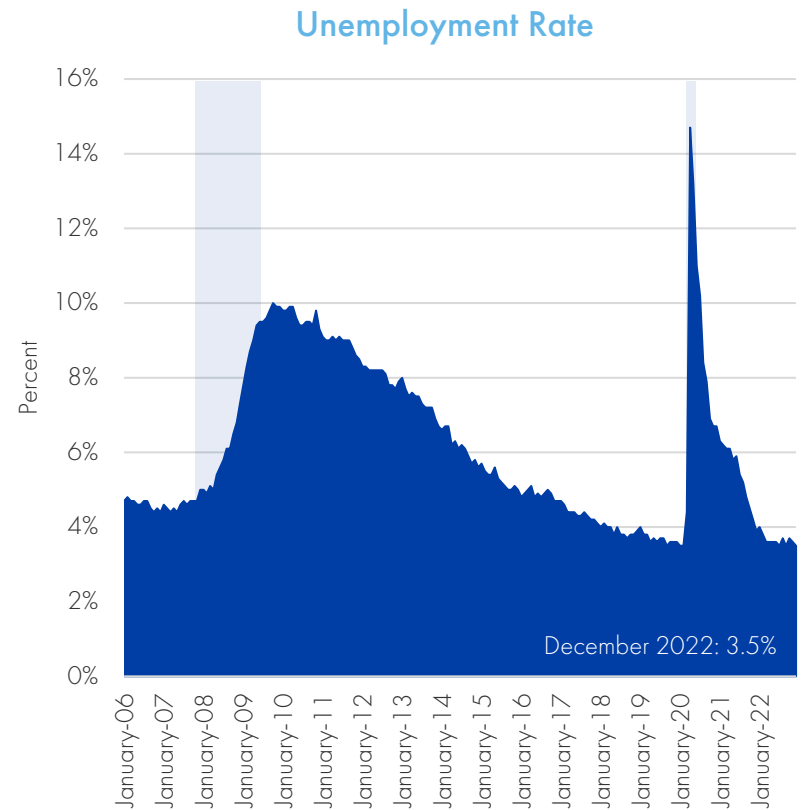
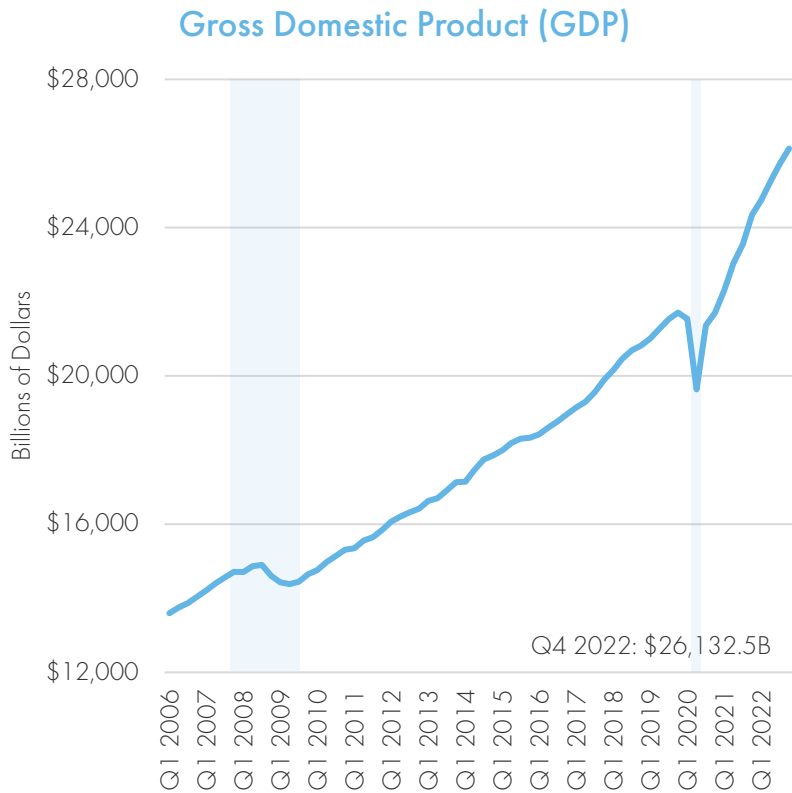
The multi-tenant retail sector has also witnessed a reduction in activity levels, particularly during the second half of 2022. After a strong fourth quarter 2021, and a second quarter 2022 that was recorded as the third strongest period in history, the sector began seeing a pullback in transaction volume that mirrored the rest of the market. In fact, despite being on pace to have a record-setting year, fourth quarter activity slowed so significantly that we ended 2022 as only the fourth strongest year in history, instead of potentially the first. Multi-tenant retail cap rates jumped by 10 basis points in the final quarter of the year, sitting now at 6.78 percent. This is the highest average cap rate reported in a year, and while it's likely the start of additional upward movement, cap rate increases are not expected to be dramatic in the next few quarters.

“A strong start to the year, as 2021's momentum carried over to first quarter 2022, allowed the market to perform as well as it did annually, but recent quarterly activity tells a different story.”



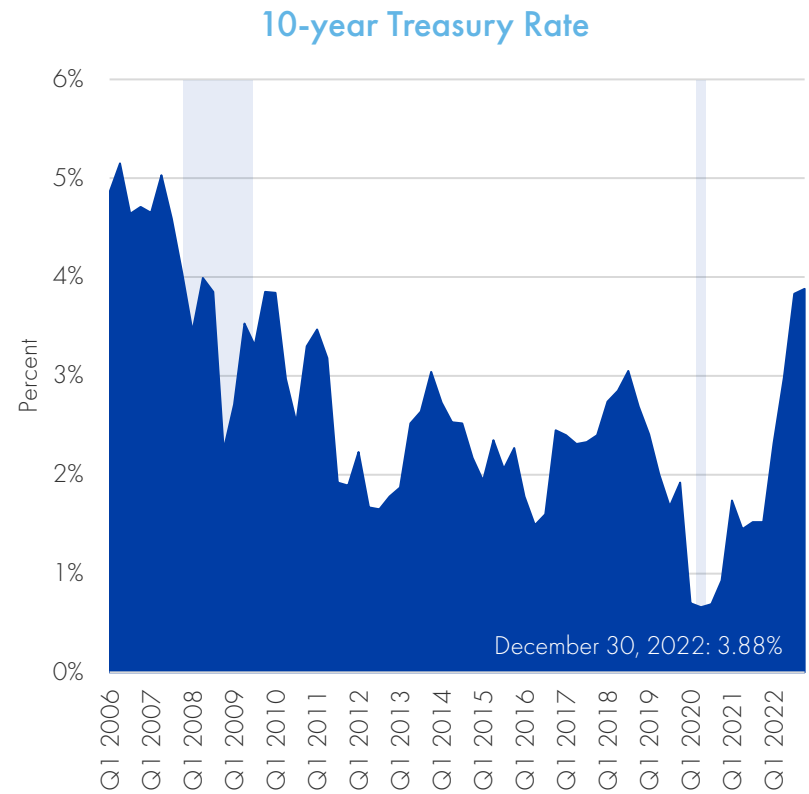
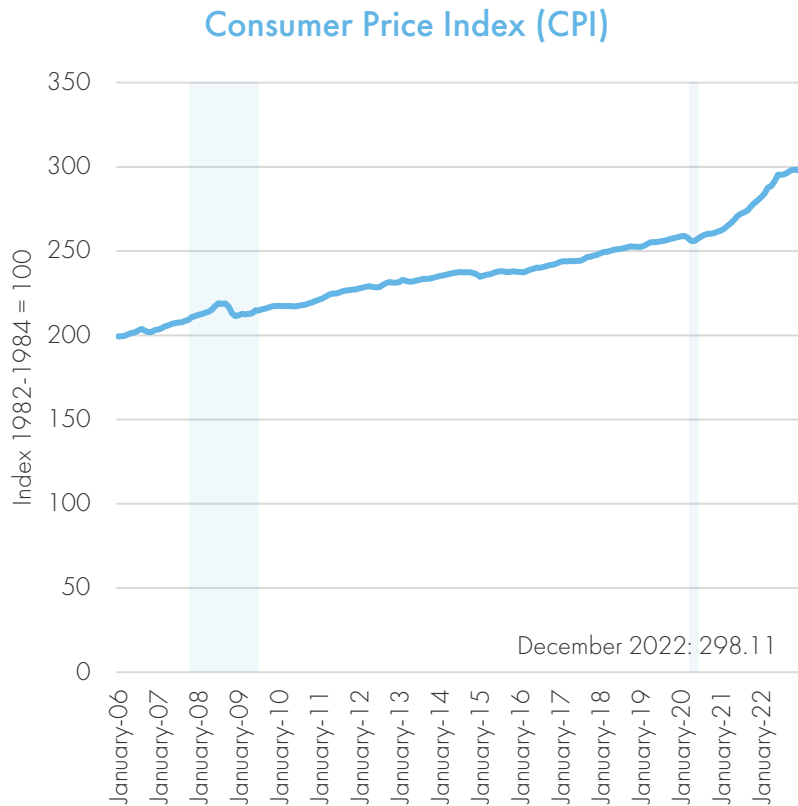
Economy

Unemployment Rate Fluctuates During Q4'22, but Ends the Year Low at 3.5%, While GDP Continues Its Climb



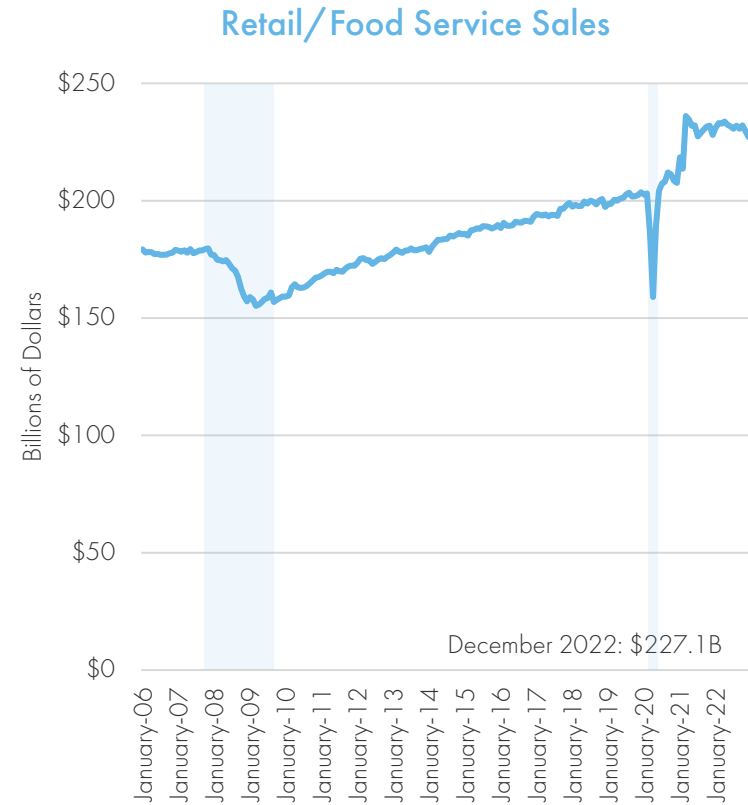
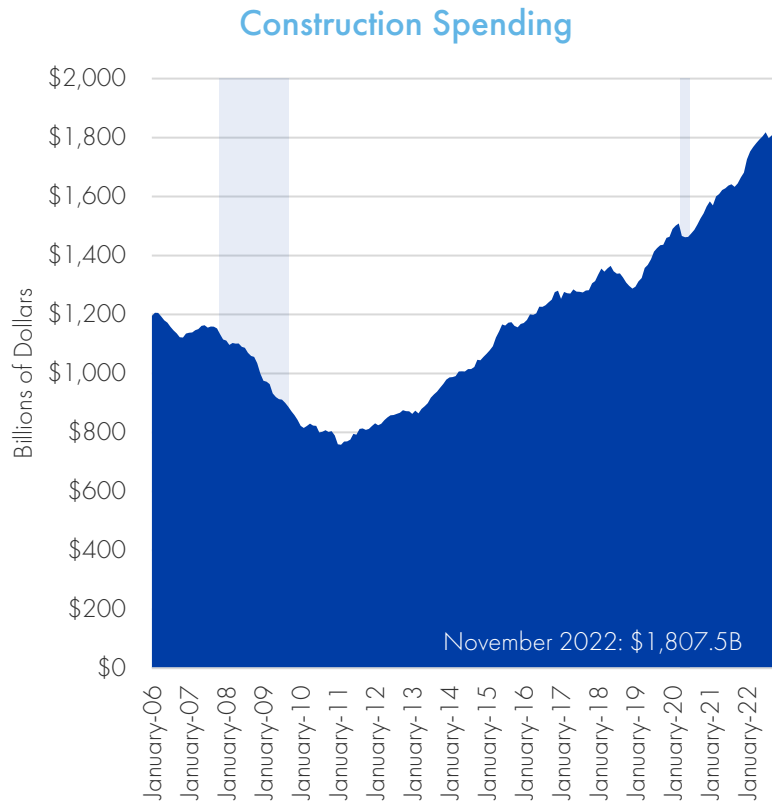
Source: Northmarq Research, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis; shaded area indicates U.S. recession

After Months of Rampant Inflation, CPI Growth Slows at Year-End, While 10-Year Treasury Rate Finishes Q4'22 Just 5 BPS Higher Than Previous Quarter's End



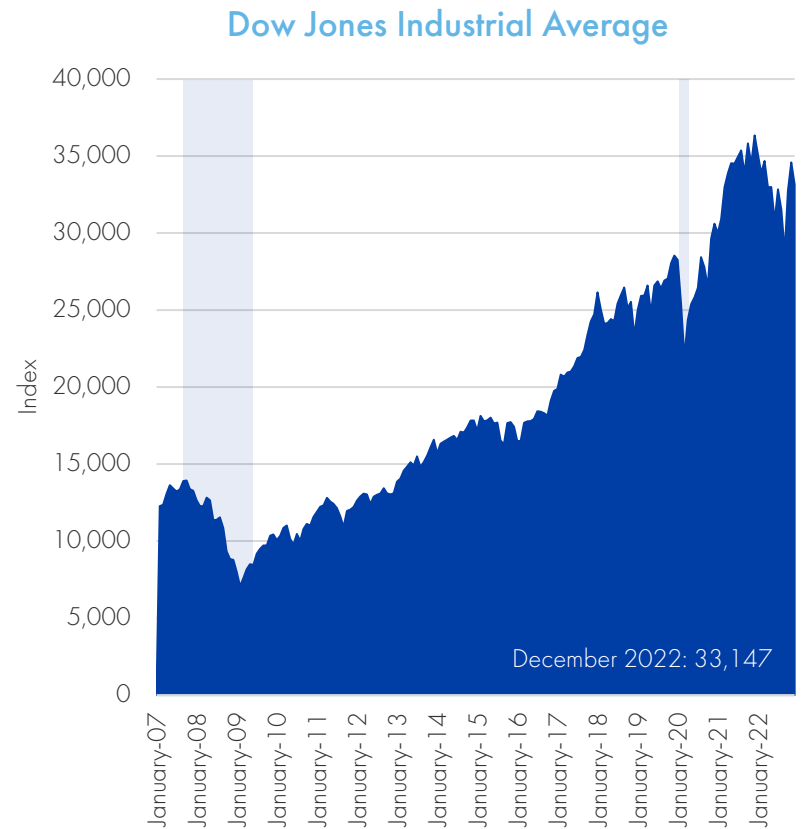
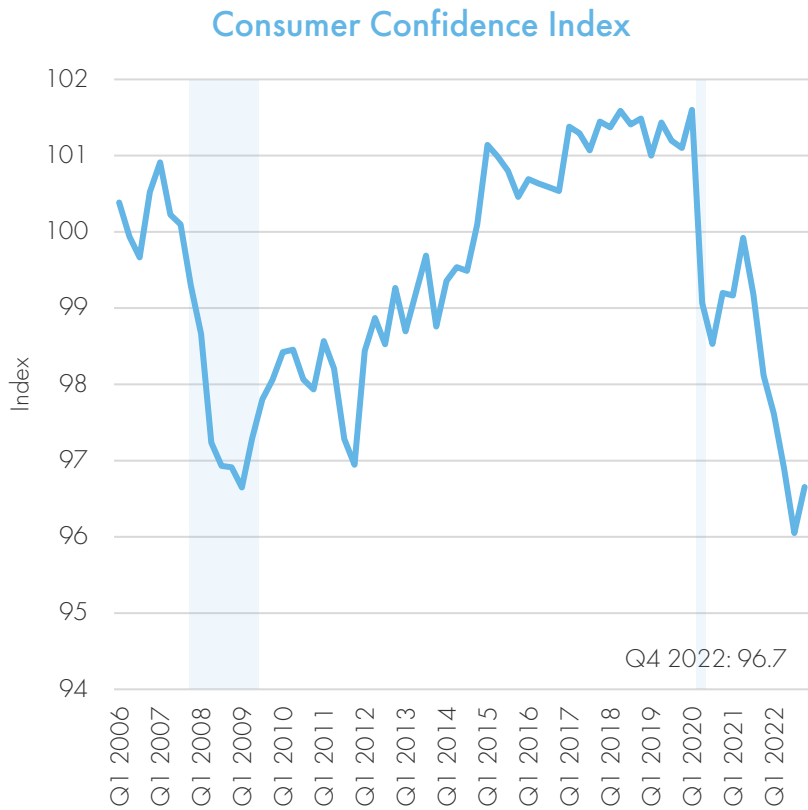
Source: Northmarq Research, U.S. Bureau of Labor Statistics, U.S. Federal Reserve; shaded area indicates U.S. recession

Construction Spending Reaches New Record High in Jul'22 and Ends Year Strong, as Retail/Food Service Sales Finish 2022 with Consecutive Months of Declines



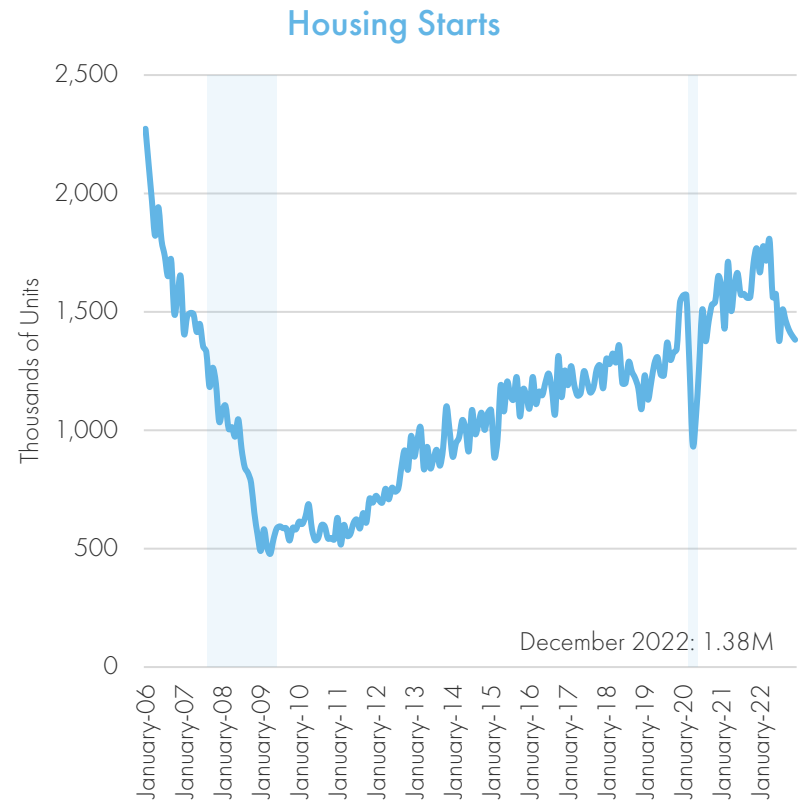
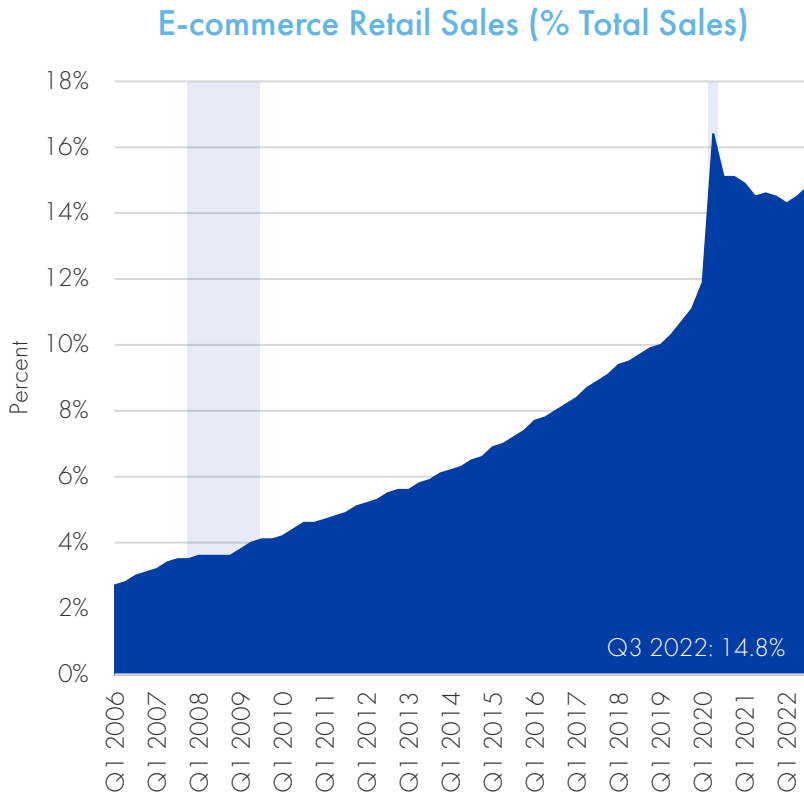
Source: Northmarq Research, U.S. Bureau of the Census; shaded area indicates U.S. recession; construction spending data lags by one month

Consumer Confidence Inches Up Just Slightly at Year-End, While Dow Jones Remains Strong but Below Recent Peak



Source: Northmarq Research, OECD, S&P Dow Jones Indices; shaded area indicates U.S. recession

Housing Starts Fall Noticeably From Recent Peak Set in Apr'22, as E-Commerce Sales Report Small Uptick to End the Year



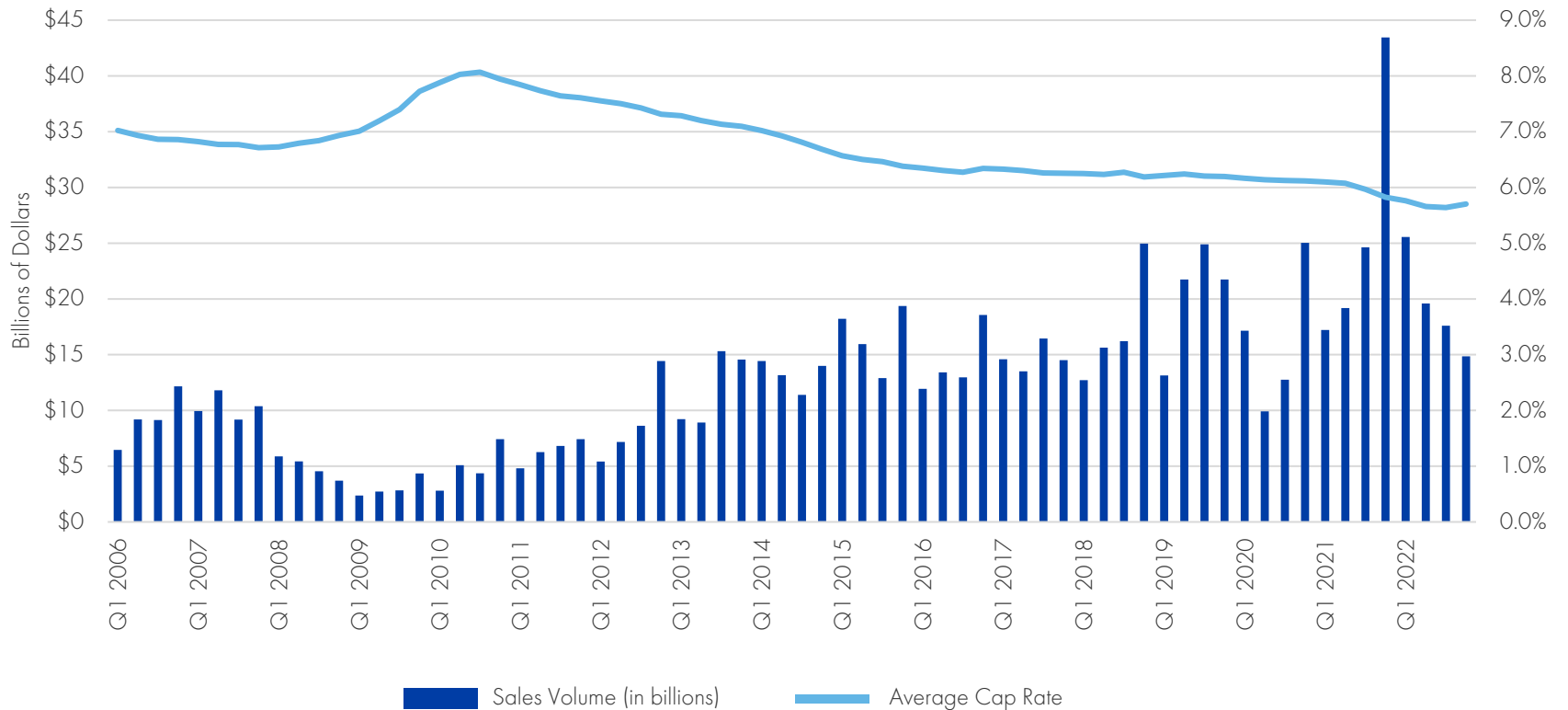
Source: Northmarq Research, U.S. Bureau of the Census; shaded area indicates U.S. recession; e-commerce retail sales data lags by one quarter



Single-Tenant Overall Market

After 11 Consecutive Quarters of Compression, Overall STNL Cap Rate Rises in Q4'22, as Total Sales Volume Declines Throughout the Year

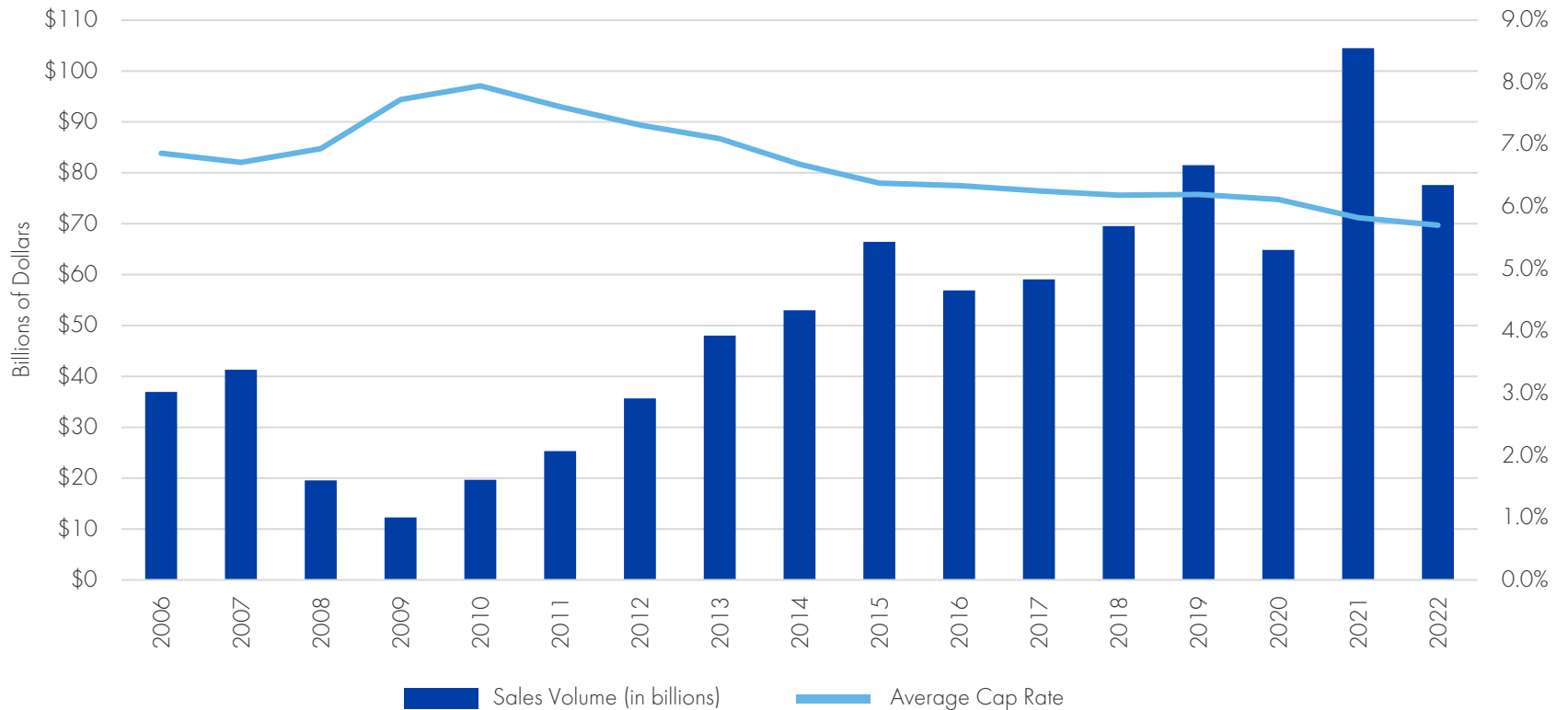
Single-Tenant Overall Market: Quarterly Sales Volume & Cap Rates, All Property Types



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

Slowing Sales Activity Fails to Push the Market Beyond 2019's Total, Making 2022 the Third Strongest Year in History for STNL

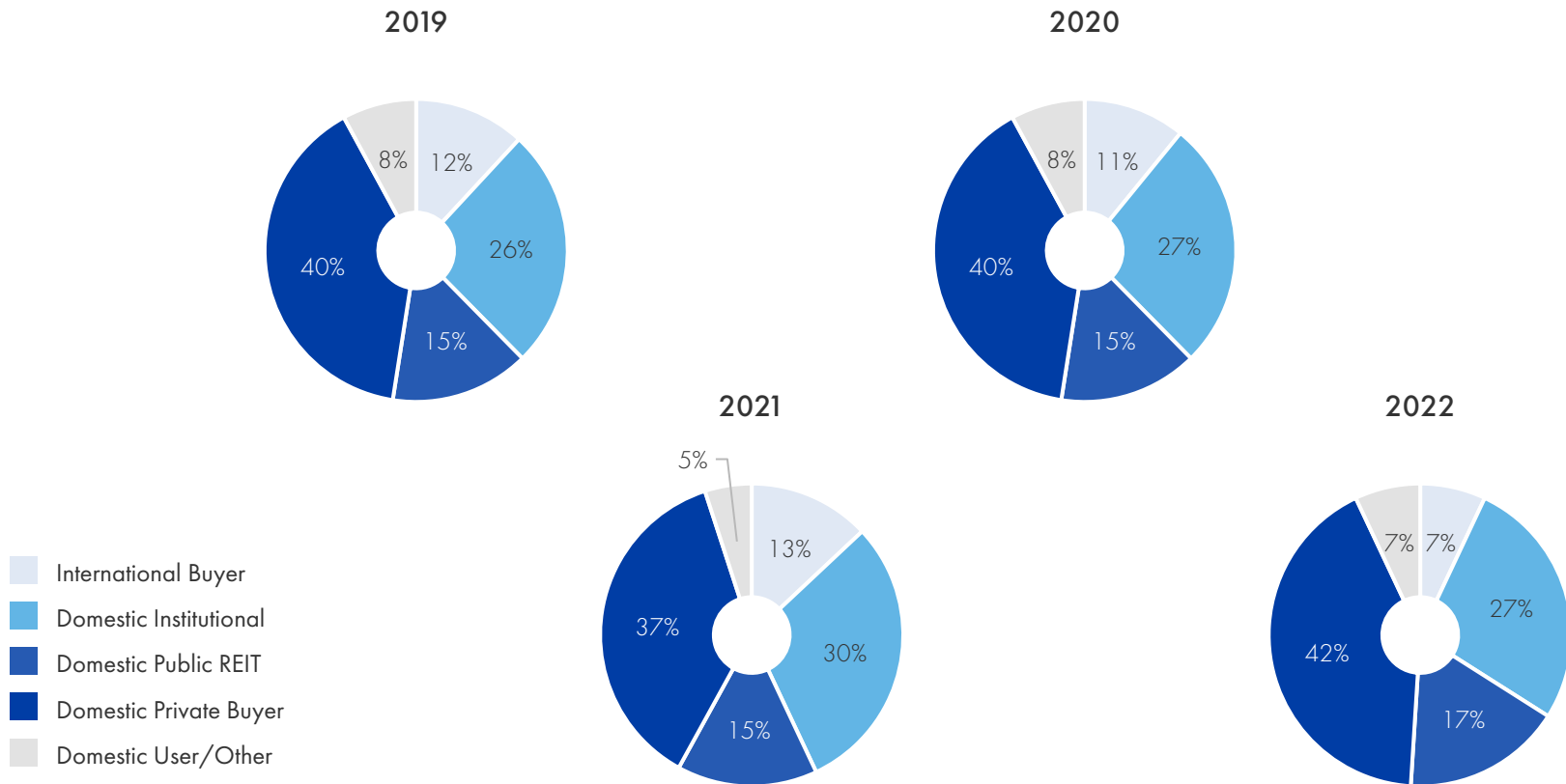
Single-Tenant Overall Market: Annual Sales Volume & Cap Rates, All Property Types



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

Private Buyers Capture Highest Market Share for Overall STNL Sector Since 2016, With Reduced YOY Activity from International and U.S.-Based Institutional Investors

Single-Tenant Overall Market: Annual Buyer Distribution, All Property Types



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; graphs may not total 100 percent due to rounding

Following a Strong Start to the Year, STNL Market Sees Momentum Fall in Subsequent Quarters, as Office and Industrial Cap Rates Rise

Single-Tenant Overall Market: Quarterly Market Statistics, by Property Type

Sales Volume (in millions)	Property Type	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Office	\$4,798.30	\$8,305.37	\$9,813.99	\$8,121.74	\$4,418.11	\$4,581.13	\$3,980.86
	Industrial	\$9,790.28	\$12,489.29	\$23,398.67	\$13,020.41	\$10,604.79	\$8,961.15	\$7,861.37
	Retail	\$4,592.13	\$3,840.78	\$10,235.84	\$4,417.86	\$4,570.11	\$4,051.02	\$3,008.45
	Total Market	\$19,180.71	\$24,635.45	\$43,448.50	\$25,560.02	\$19,593.01	\$17,593.29	\$14,850.68

Average Cap Rates	Property Type	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Office	6.28%	6.26%	6.21%	6.16%	6.11%	6.07%	6.16%
	Industrial	5.82%	5.66%	5.37%	5.31%	5.15%	5.17%	5.46%
	Retail	6.15%	6.04%	5.94%	5.84%	5.70%	5.66%	5.63%
	Total Market	6.08%	5.97%	5.82%	5.76%	5.66%	5.64%	5.70%

Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding

With Nearly \$77.6B in Sales, STNL Market Reports Strong Annual Performance Despite Slowing Activity in Late 2022

Single-Tenant Overall Market: Annual Market Statistics, by Property Type

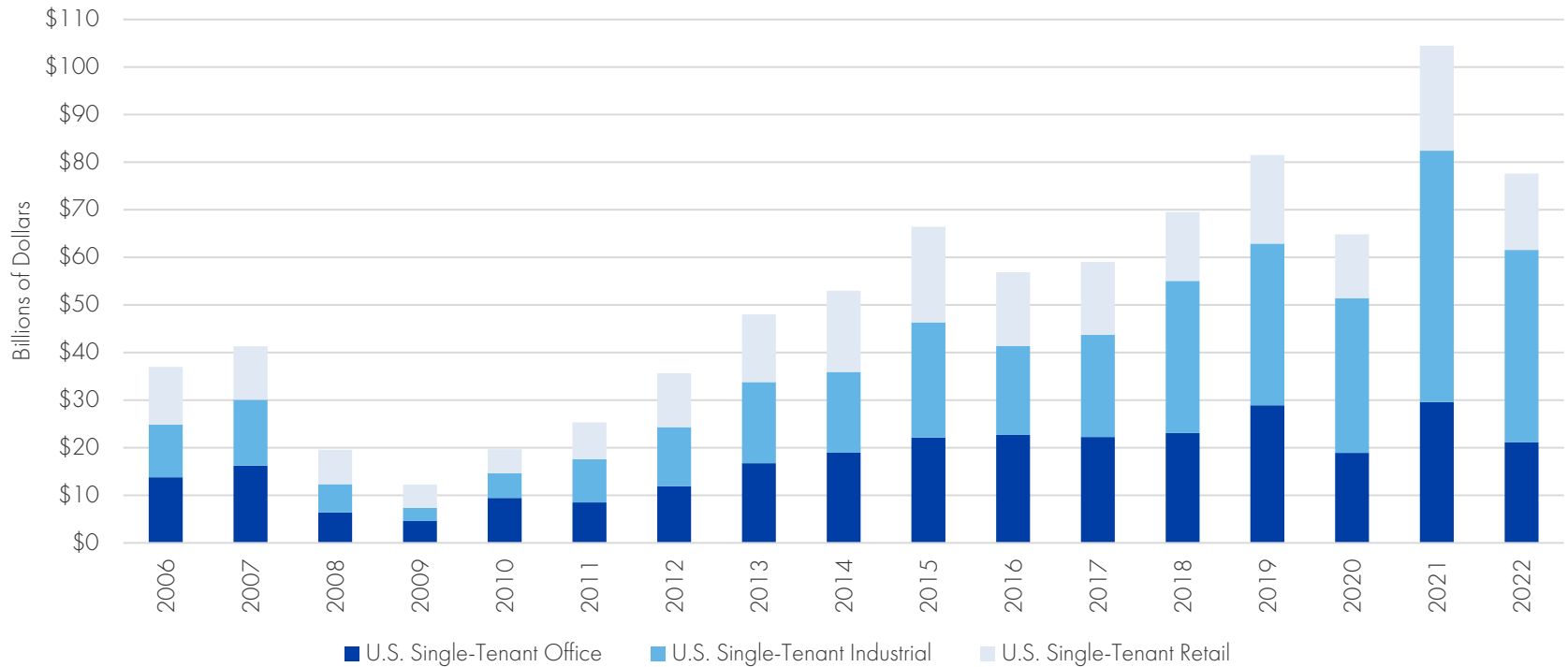
Sales Volume (in millions)	Property Type	2016	2017	2018	2019	2020	2021	2022
	Office	\$22,698.99	\$22,260.69	\$23,102.26	\$28,916.46	\$18,903.02	\$29,610.19	\$21,101.83
	Industrial	\$18,684.72	\$21,455.21	\$31,965.24	\$33,982.61	\$32,520.76	\$52,817.14	\$40,447.72
	Retail	\$15,496.58	\$15,344.09	\$14,457.32	\$18,614.13	\$13,424.49	\$22,053.21	\$16,047.44
	Total Market	\$56,880.29	\$59,059.99	\$69,524.82	\$81,513.20	\$64,848.27	\$104,480.54	\$77,597.00

Average Cap Rates	Property Type	2016	2017	2018	2019	2020	2021	2022
	Office	6.75%	6.52%	6.40%	6.27%	6.23%	6.21%	6.16%
	Industrial	6.70%	6.35%	6.18%	6.25%	5.91%	5.37%	5.46%
	Retail	6.14%	6.12%	6.11%	6.14%	6.18%	5.94%	5.63%
	Total Market	6.34%	6.25%	6.19%	6.20%	6.12%	5.82%	5.70%

Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding

STNL Office and Retail Sectors Report Average Years, While Industrial Slows but Still Posts Above Average Activity

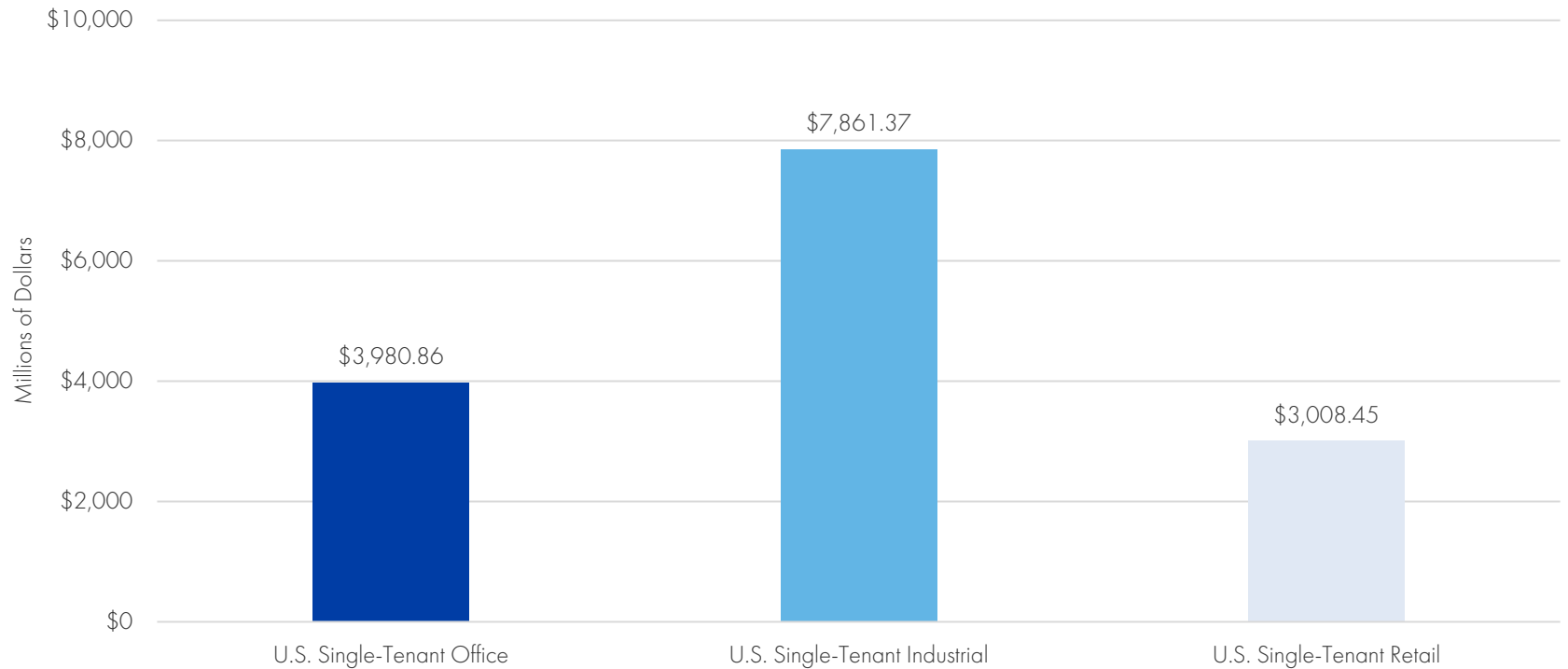
Single-Tenant Overall Market: Annual Sales Volume, by Property Type



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

STNL Industrial Sector Represents 53% of Q4'22 Activity, as Sales Volume Slows Across All Property Types

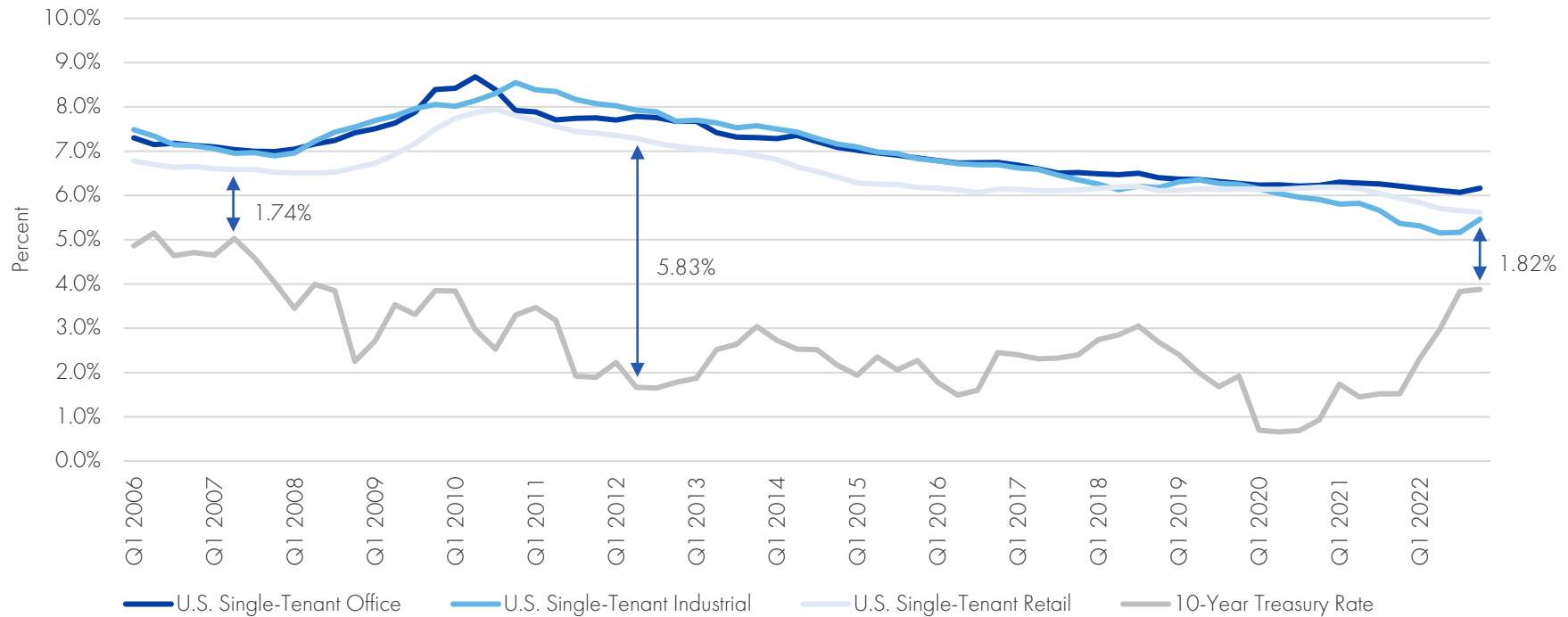
Single-Tenant Overall Market: Q4 2022 Sales Volume, by Property Type



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

Current Spread Between 10-Year Treasury and Overall Average STNL Cap Rate Remains Near the Narrowest Margin on Record

Single-Tenant Overall Market: Cap Rates vs. 10-Year Treasury, by Property Type
(With Min/Max/Current Spread vs. Combined Cap Rate Average)

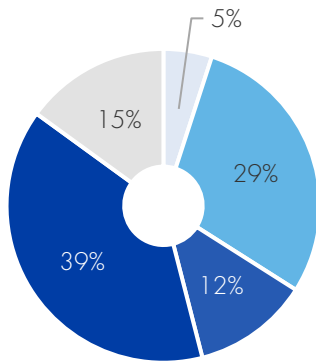


Source: Northmarq Research, Real Capital Analytics, U.S. Federal Reserve; analysis includes sales greater than \$2.5m and min/max/current spreads based on 10-year treasury vs. overall market's combined cap rate average. Graph includes quarter-end values for 10-year treasury and may not illustrate actual high or low points.

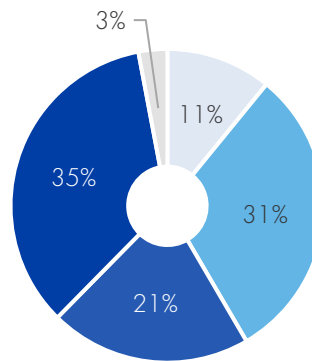
At Year-End 2022, Private Buyers Retain Stronghold on STNL Market, With Dominant Market Share Across All Property Sectors

Single-Tenant Overall Market: 2022 Buyer Distribution, by Property Type

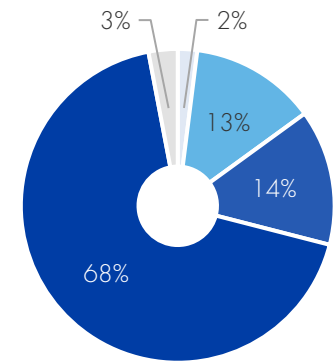
U.S. SINGLE-TENANT OFFICE



U.S. SINGLE-TENANT INDUSTRIAL



U.S. SINGLE-TENANT RETAIL



International Buyer
 Domestic Institutional
 Domestic Public REIT
 Domestic Private Buyer
 Domestic User/Other

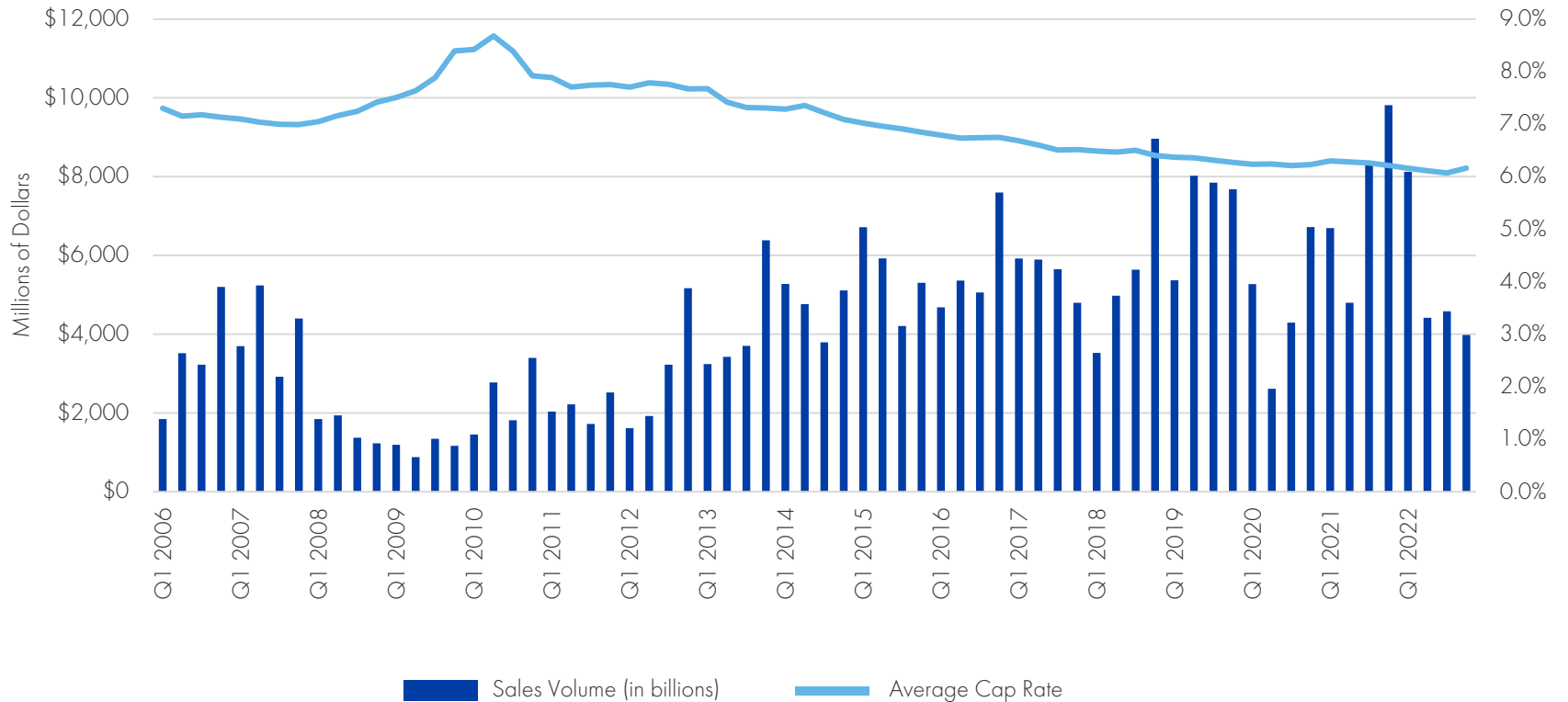
Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; graphs may not total 100 percent due to rounding



Single-Tenant Office

After Bottoming Out Near 6.0%, Average STNL Office Cap Rate Ticks Up During Q4'22

Single-Tenant Office: Quarterly Sales Volume & Cap Rates



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

As Expected, STNL Office Sales Volume Surpassed \$20B in 2022 Despite Recent Quarters of Slower Activity

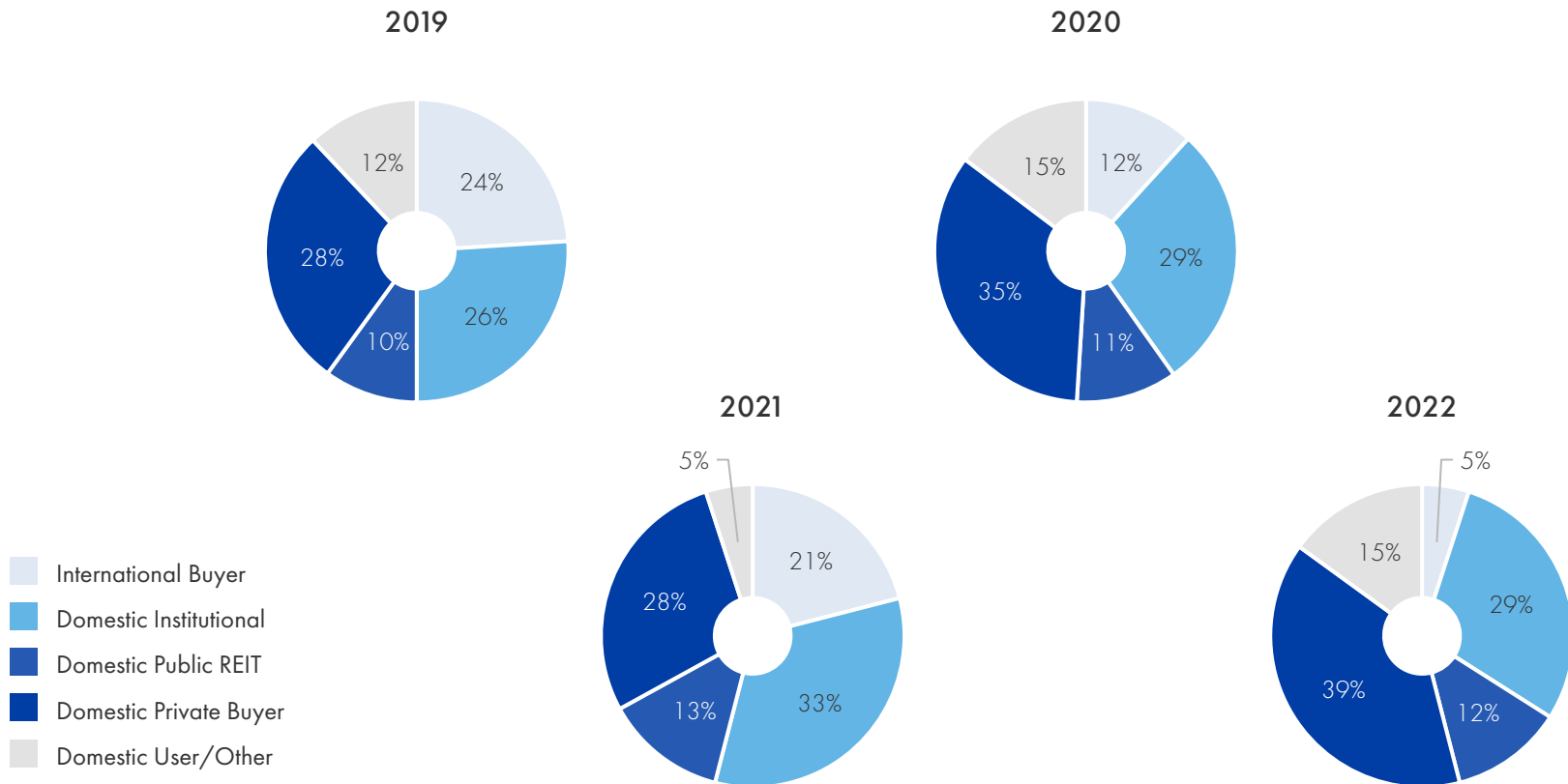
Single-Tenant Office: Annual Sales Volume & Cap Rates



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

International Investors Pull Back Significantly Compared to 2021, as Private Buyers Reestablish Dominant Market Share for STNL Office

Single-Tenant Office: Annual Buyer Distribution



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; graphs may not total 100 percent due to rounding

Mid-Atlantic and Southwest Regions See Increased Quarterly Investment Sales, as STNL Office Activity Declines Across Remaining Regions

Single-Tenant Office: Quarterly Market Statistics, by Region

Sales Volume (in millions)	Region	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Mid-Atlantic	\$261.82	\$650.94	\$474.25	\$1,054.42	\$213.89	\$81.33	\$509.57
	Midwest	\$555.01	\$856.63	\$948.20	\$223.81	\$505.60	\$583.19	\$760.57
	Northeast	\$340.36	\$1,250.00	\$1,502.54	\$3,846.85	\$202.14	\$1,063.25	\$546.79
	Southeast	\$1,179.02	\$740.80	\$1,494.52	\$526.44	\$603.34	\$1,078.50	\$798.70
	Southwest	\$335.66	\$1,467.61	\$1,107.34	\$479.95	\$1,118.34	\$487.54	\$616.64
	West	\$2,126.43	\$3,339.39	\$4,287.16	\$1,990.28	\$1,774.82	\$1,287.31	\$748.58
	Total Office	\$4,798.30	\$8,305.37	\$9,813.99	\$8,121.74	\$4,418.11	\$4,581.13	\$3,980.86

Average Cap Rates	Region	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Mid-Atlantic	6.75%	6.66%	6.53%	6.37%	6.02%	6.13%	6.30%
	Midwest	6.73%	6.61%	6.79%	6.78%	6.85%	6.75%	6.55%
	Northeast	6.25%	6.12%	5.88%	5.56%	5.47%	5.74%	6.33%
	Southeast	6.29%	6.19%	6.03%	6.05%	6.04%	6.02%	6.15%
	Southwest	6.34%	6.48%	6.35%	6.45%	6.23%	6.02%	6.04%
	West	5.85%	5.87%	5.91%	5.75%	5.67%	5.62%	5.63%
	Total Office	6.28%	6.26%	6.21%	6.16%	6.11%	6.07%	6.16%

Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding or portfolio transactions spanning multiple regions

Northeast Is the Only Region to Outpace 2021 Sales Volume, as STNL Office Sector Activity Falls More Than 28% YOY

Single-Tenant Office: Annual Market Statistics, by Region

Sales Volume (in millions)	Region	2016	2017	2018	2019	2020	2021	2022
	Mid-Atlantic	\$2,909.70	\$1,100.93	\$3,287.77	\$1,815.72	\$3,137.88	\$2,168.91	\$1,859.20
	Midwest	\$2,004.32	\$2,399.65	\$2,961.95	\$1,800.09	\$2,239.61	\$2,690.48	\$2,073.17
	Northeast	\$5,931.93	\$4,437.84	\$4,095.34	\$5,553.44	\$2,632.38	\$5,551.82	\$5,659.02
	Southeast	\$2,293.94	\$2,728.13	\$2,991.05	\$2,748.24	\$2,412.90	\$4,024.43	\$3,006.98
	Southwest	\$3,535.90	\$3,983.35	\$3,790.90	\$4,113.33	\$2,475.37	\$3,456.03	\$2,702.47
	West	\$6,023.19	\$7,610.79	\$5,975.24	\$12,805.23	\$6,004.88	\$11,718.51	\$5,801.00
	Total Office	\$22,698.99	\$22,260.69	\$23,102.26	\$28,916.46	\$18,903.02	\$29,610.19	\$21,101.83

Average Cap Rates	Region	2016	2017	2018	2019	2020	2021	2022
	Mid-Atlantic	6.65%	7.35%	6.94%	6.62%	6.67%	6.53%	6.30%
	Midwest	7.16%	7.03%	6.66%	7.04%	6.91%	6.79%	6.55%
	Northeast	5.86%	6.03%	6.16%	5.72%	6.05%	5.88%	6.33%
	Southeast	7.27%	6.89%	6.61%	6.57%	6.34%	6.03%	6.15%
	Southwest	6.89%	6.79%	6.56%	6.60%	6.34%	6.35%	6.04%
	West	6.18%	5.89%	5.85%	5.71%	5.64%	5.91%	5.63%
	Total Office	6.75%	6.52%	6.40%	6.27%	6.23%	6.21%	6.16%

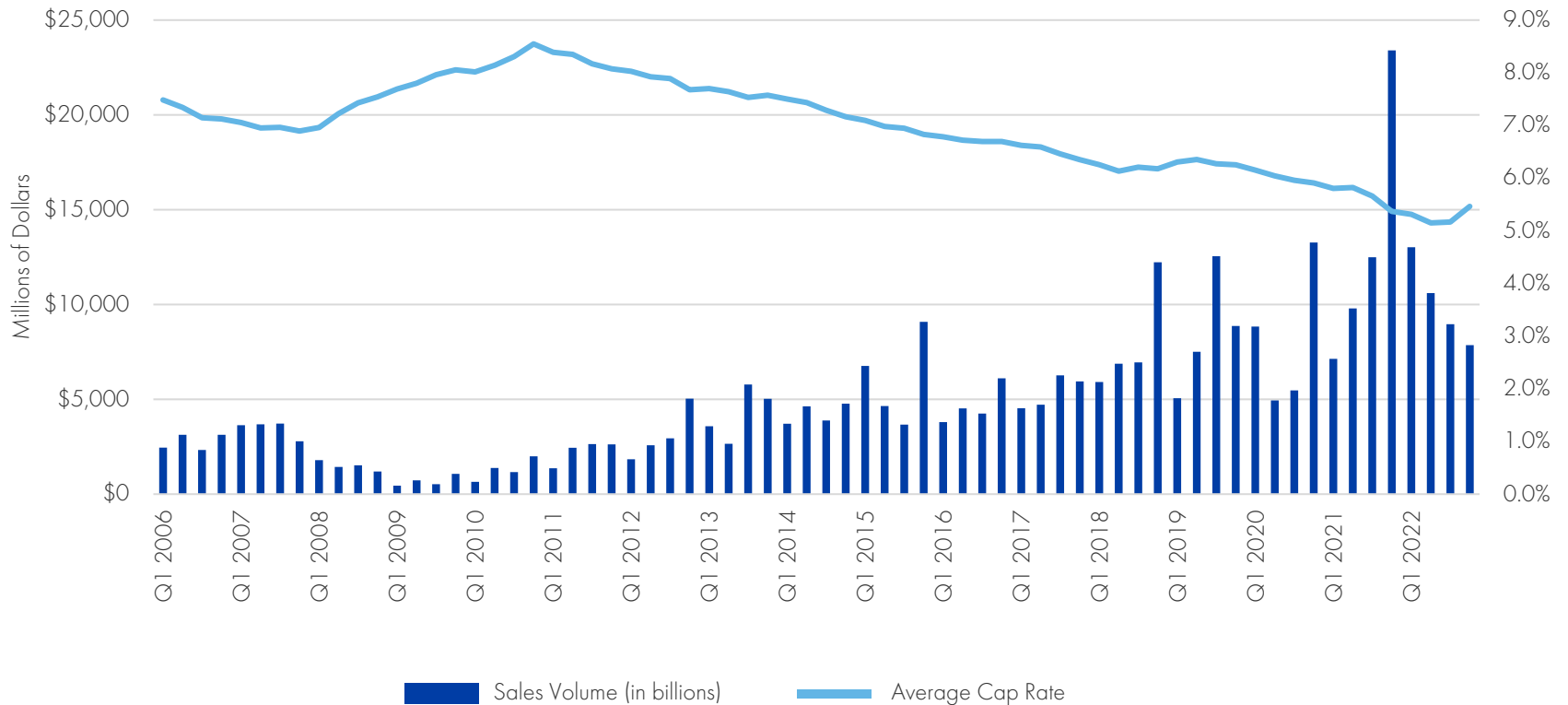
Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding or portfolio transactions spanning multiple regions



Single-Tenant Industrial

STNL Industrial Sector Sees Decreasing Investment Activity Coupled With a Sharp Rise in Cap Rates to End 2022

Single-Tenant Industrial: Quarterly Sales Volume & Cap Rates



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

STNL Industrial Sector Reports Its Second Strongest Year in History Due to Strong Performance in H1'22

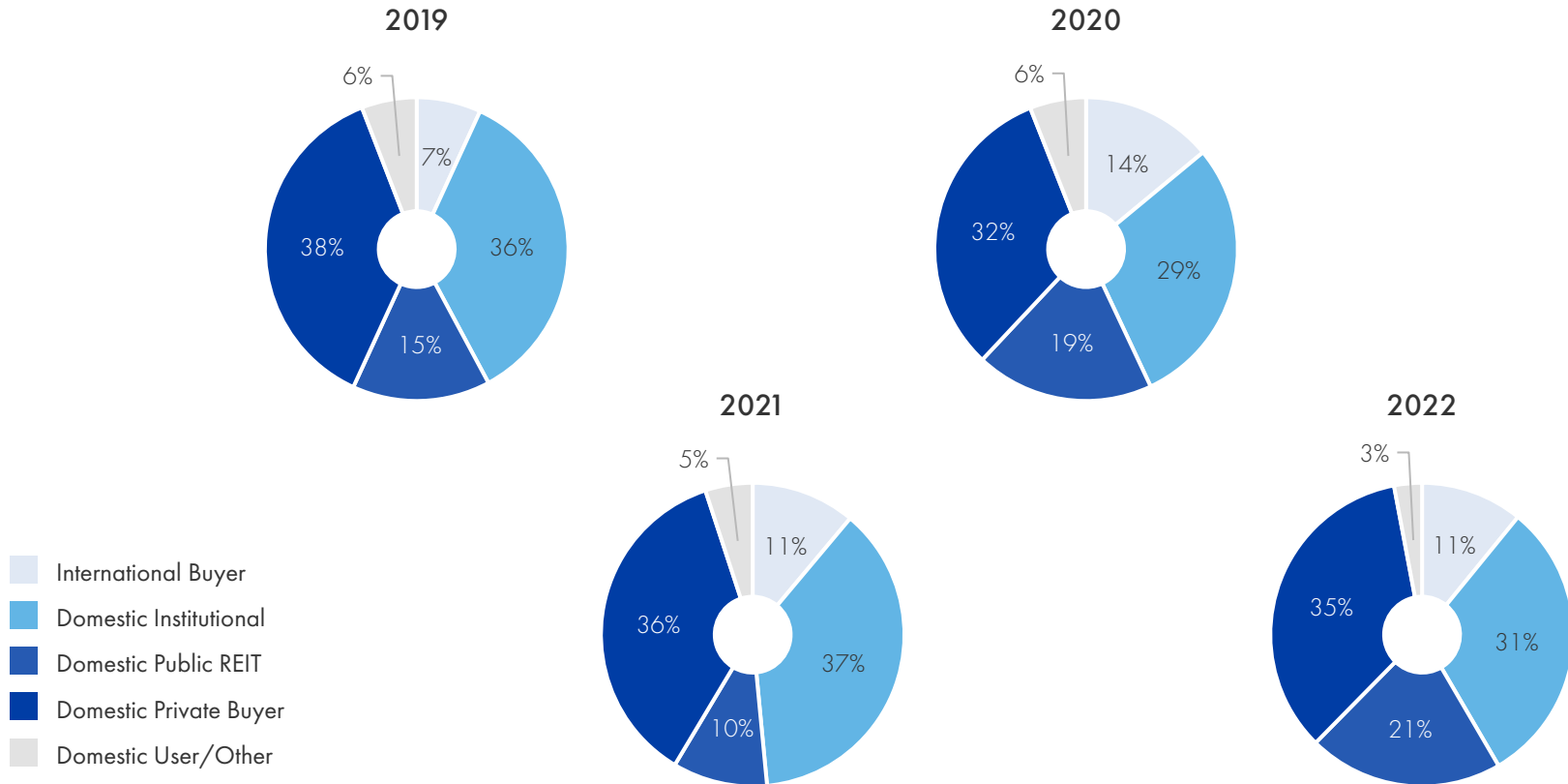
Single-Tenant Industrial: Annual Sales Volume & Cap Rates



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

Institutional Investors and Private Buyers Boast Highest Market Share Within STNL Industrial Sector, as U.S.-Based REITs Show Increased Activity From 2021

Single-Tenant Industrial: Annual Buyer Distribution



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; graphs may not total 100 percent due to rounding

Overall STNL Industrial Cap Rate Jumps Nearly 30 BPS During Q4'22, With Average Rates Increasing Across All Regions

Single-Tenant Industrial: Quarterly Market Statistics, by Region

Sales Volume (in millions)	Region	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Mid-Atlantic	\$1,236.57	\$894.12	\$2,078.75	\$1,344.89	\$1,074.67	\$1,384.93	\$337.71
	Midwest	\$1,732.69	\$2,414.77	\$4,707.16	\$3,287.85	\$1,396.00	\$1,780.53	\$1,711.19
	Northeast	\$1,253.94	\$1,196.32	\$3,310.49	\$1,206.38	\$1,450.63	\$557.20	\$521.30
	Southeast	\$1,800.89	\$2,562.33	\$4,495.17	\$3,683.75	\$1,846.96	\$1,807.43	\$1,347.83
	Southwest	\$1,206.91	\$1,758.58	\$2,530.03	\$1,302.85	\$1,835.61	\$1,080.81	\$823.08
	West	\$2,559.27	\$3,663.18	\$6,277.07	\$2,194.69	\$3,000.93	\$2,350.26	\$3,120.26
	Total Industrial	\$9,790.28	\$12,489.29	\$23,398.67	\$13,020.41	\$10,604.79	\$8,961.15	\$7,861.37

Average Cap Rates	Region	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Mid-Atlantic	6.14%	6.01%	5.85%	5.29%	5.08%	5.56%	5.63%
	Midwest	6.45%	6.54%	6.34%	6.31%	6.18%	5.90%	6.03%
	Northeast	5.24%	5.46%	5.48%	5.59%	5.42%	4.87%	5.07%
	Southeast	6.24%	6.03%	5.58%	5.57%	5.44%	5.41%	5.77%
	Southwest	6.02%	5.82%	5.49%	5.53%	5.28%	5.22%	5.50%
	West	4.99%	4.72%	4.55%	4.46%	4.30%	4.45%	4.71%
	Total Industrial	5.82%	5.66%	5.37%	5.31%	5.15%	5.17%	5.46%

Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding or portfolio transactions spanning multiple regions

Annual Sales Volume for STNL Industrial Drops 23% from 2021, but a Strong Start Pushes the Sector Beyond \$40B for the Year

Single-Tenant Industrial: Annual Market Statistics, by Region

Sales Volume (in millions)	Region	2016	2017	2018	2019	2020	2021	2022
	Mid-Atlantic	\$2,147.04	\$2,139.71	\$2,504.95	\$3,434.16	\$2,941.02	\$4,375.00	\$4,142.19
	Midwest	\$3,870.71	\$4,813.13	\$6,902.54	\$7,311.57	\$7,063.47	\$10,180.59	\$8,175.58
	Northeast	\$1,602.86	\$1,965.62	\$2,806.75	\$2,833.21	\$3,970.68	\$6,519.95	\$3,735.50
	Southeast	\$3,115.44	\$3,925.45	\$6,465.19	\$5,843.22	\$5,881.46	\$9,902.20	\$8,685.96
	Southwest	\$2,493.62	\$2,739.13	\$4,318.99	\$4,481.80	\$4,762.17	\$6,673.83	\$5,042.35
	West	\$5,296.90	\$5,872.17	\$8,927.25	\$10,078.65	\$7,901.97	\$15,165.57	\$10,666.13
	Total Industrial	\$18,684.72	\$21,455.21	\$31,965.24	\$33,982.61	\$32,520.76	\$52,817.14	\$40,447.72

Average Cap Rates	Region	2016	2017	2018	2019	2020	2021	2022
	Mid-Atlantic	6.83%	7.12%	6.18%	7.00%	5.98%	5.85%	5.63%
	Midwest	7.09%	7.25%	6.98%	6.90%	6.68%	6.34%	6.03%
	Northeast	6.59%	5.79%	5.52%	5.69%	5.32%	5.48%	5.07%
	Southeast	7.29%	6.50%	6.46%	6.72%	6.18%	5.58%	5.77%
	Southwest	6.87%	6.58%	6.22%	6.11%	6.21%	5.49%	5.50%
	West	5.69%	5.39%	5.21%	5.60%	5.06%	4.55%	4.71%
	Total Industrial	6.70%	6.35%	6.18%	6.25%	5.91%	5.37%	5.46%

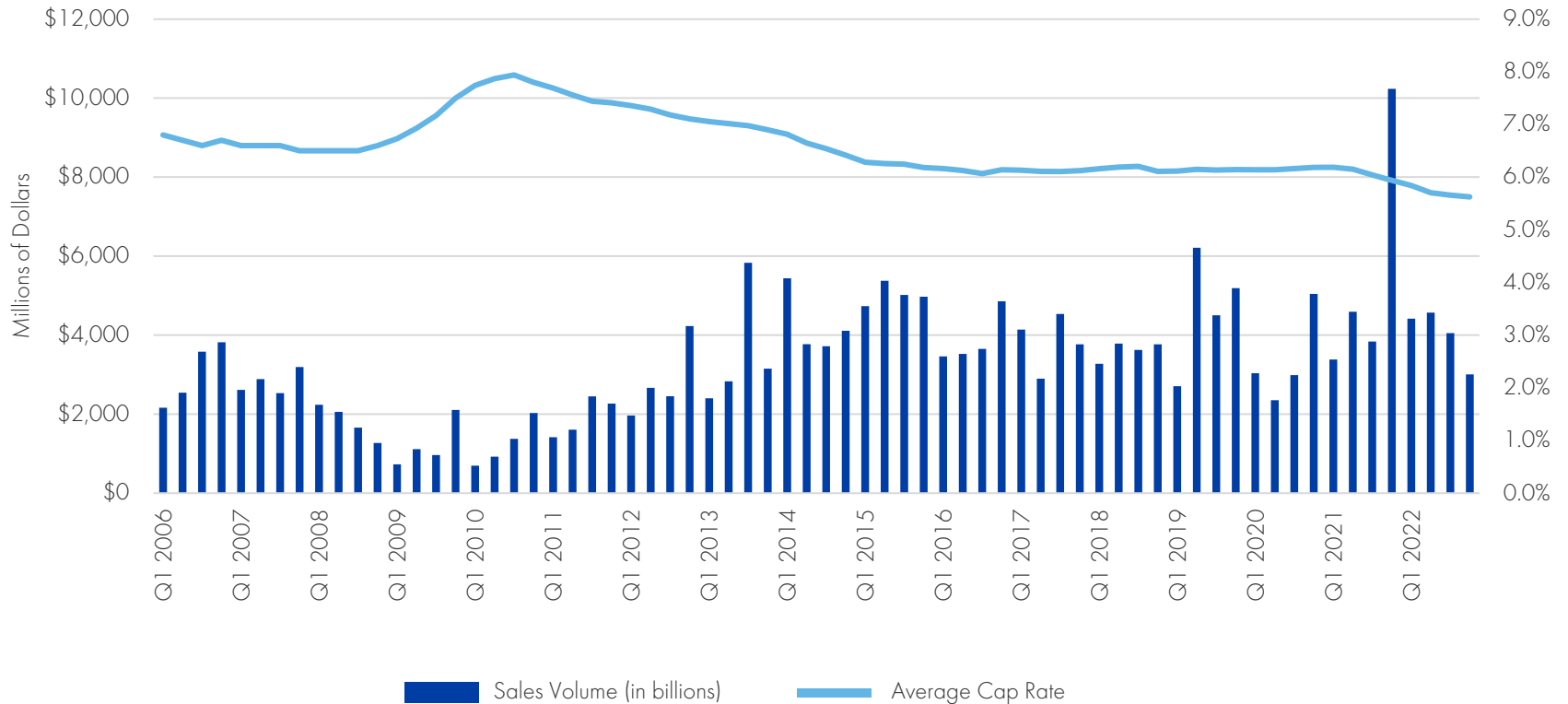
Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding or portfolio transactions spanning multiple regions



Single-Tenant Retail

Average STNL Retail Cap Rate Drops Another 3 BPS During Q4'22 for a Total of 56 BPS of Compression Over the Last 2 Years

Single-Tenant Retail: Quarterly Sales Volume & Cap Rates



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

STNL Retail Sector Tops \$16B in Sales Activity During 2022, as Cap Rates Continue Their Downward Trend

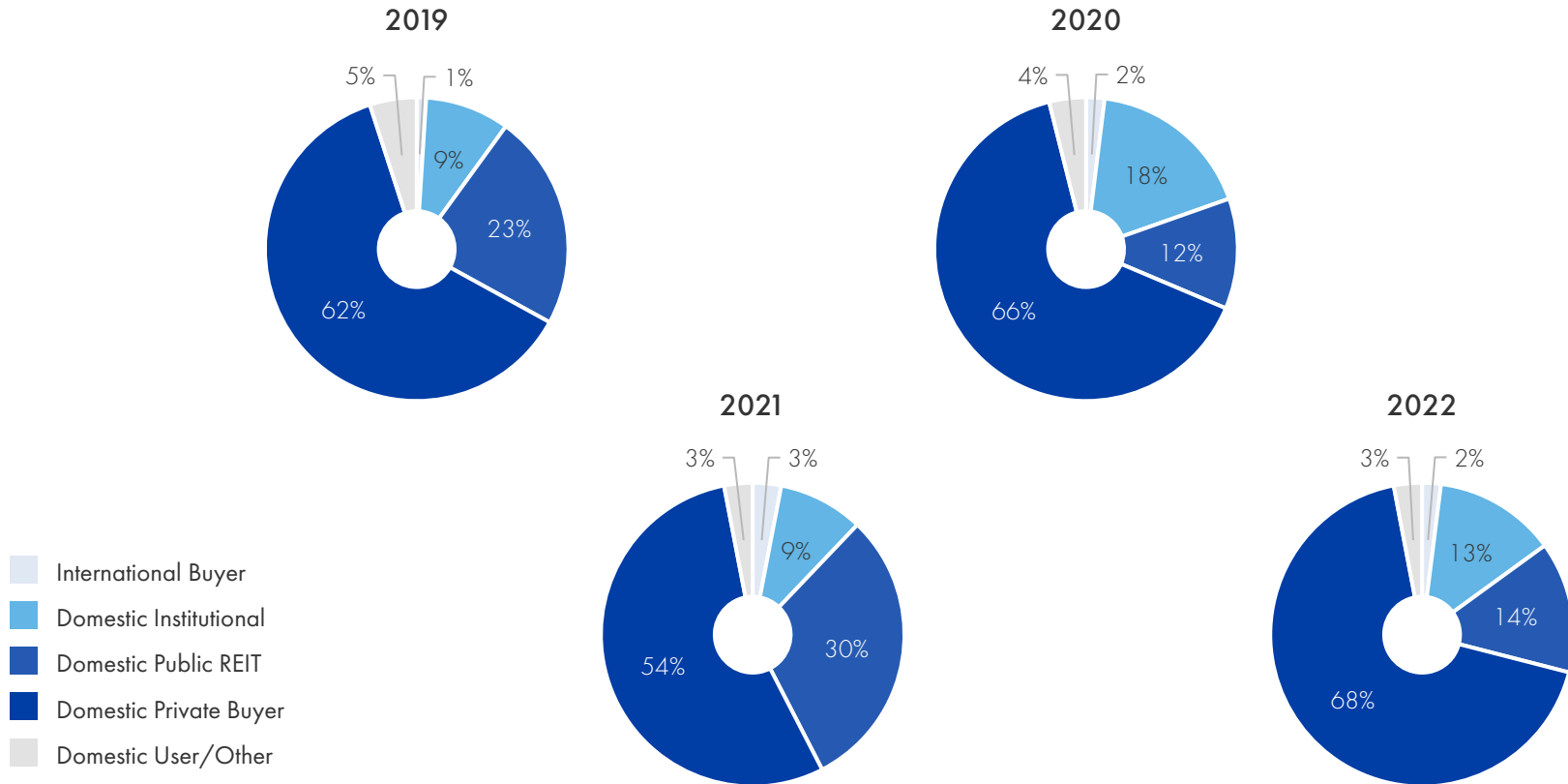
Single-Tenant Retail: Annual Sales Volume & Cap Rates



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

Private Investors Recapture STNL Retail Market Share from REITs, Tying the Strongest Level of Full Year Activity for That Buyer Group Reported in More Than a Decade

Single-Tenant Retail: Annual Buyer Distribution



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; graphs may not total 100 percent due to rounding

STNL Retail Sales Volume Down Across All Regions During Q4'22, With 33% of Quarterly Activity Occurring in the Southeast

Single-Tenant Retail: Quarterly Market Statistics, by Region

Sales Volume (in millions)	Region	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Mid-Atlantic	\$313.93	\$362.27	\$741.69	\$387.97	\$285.78	\$415.93	\$284.69
	Midwest	\$1,004.83	\$651.66	\$2,095.80	\$760.17	\$1,187.70	\$728.64	\$464.84
	Northeast	\$647.16	\$414.25	\$924.22	\$708.12	\$510.21	\$412.91	\$275.54
	Southeast	\$1,178.42	\$816.95	\$2,624.80	\$1,051.08	\$1,155.82	\$1,079.33	\$991.86
	Southwest	\$669.23	\$615.03	\$1,860.99	\$754.97	\$476.40	\$563.76	\$357.94
	West	\$778.56	\$980.61	\$1,988.34	\$755.56	\$954.21	\$850.44	\$633.59
	Total Retail	\$4,592.13	\$3,840.78	\$10,235.84	\$4,417.86	\$4,570.11	\$4,051.02	\$3,008.45

Average Cap Rates	Region	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Mid-Atlantic	6.29%	6.13%	6.22%	6.07%	6.09%	6.06%	5.96%
	Midwest	6.60%	6.33%	6.18%	6.17%	5.97%	5.96%	5.97%
	Northeast	6.02%	5.98%	5.73%	5.62%	5.45%	5.28%	5.26%
	Southeast	6.10%	5.99%	5.88%	5.76%	5.66%	5.61%	5.57%
	Southwest	5.98%	5.93%	5.83%	5.76%	5.63%	5.66%	5.62%
	West	5.89%	5.90%	5.72%	5.63%	5.45%	5.36%	5.39%
	Total Retail	6.15%	6.04%	5.94%	5.84%	5.70%	5.66%	5.63%

Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding or portfolio transactions spanning multiple regions

STNL Retail's Northeast Region Reports Most Significant Cap Rate Compression During 2022, Ending the Year Nearly 50 BPS Lower

Single-Tenant Retail: Annual Market Statistics, by Region

	Region	2016	2017	2018	2019	2020	2021	2022
Sales Volume (in millions)	Mid-Atlantic	\$1,054.64	\$1,098.88	\$1,000.64	\$1,280.58	\$671.30	\$1,526.33	\$1,374.37
	Midwest	\$3,571.85	\$3,694.58	\$3,278.01	\$4,443.10	\$2,334.36	\$4,291.28	\$3,141.35
	Northeast	\$2,387.91	\$1,739.87	\$1,846.14	\$2,255.41	\$1,535.25	\$2,636.78	\$1,906.78
	Southeast	\$3,005.97	\$2,879.82	\$2,672.49	\$3,307.16	\$2,982.98	\$5,393.73	\$4,278.09
	Southwest	\$2,282.60	\$2,189.57	\$2,352.61	\$3,182.02	\$1,936.39	\$3,853.75	\$2,153.06
	West	\$3,053.26	\$3,533.32	\$3,307.43	\$4,145.86	\$3,907.38	\$4,351.33	\$3,193.79
	Total Retail	\$15,496.58	\$15,344.09	\$14,457.32	\$18,614.13	\$13,424.49	\$22,053.21	\$16,047.44
	Region	2016	2017	2018	2019	2020	2021	2022
Average Cap Rates	Mid-Atlantic	6.45%	6.46%	6.08%	6.10%	6.38%	6.22%	5.96%
	Midwest	6.59%	6.58%	6.39%	6.57%	6.58%	6.18%	5.97%
	Northeast	5.41%	5.71%	5.70%	5.55%	6.22%	5.73%	5.26%
	Southeast	6.24%	6.19%	6.37%	6.25%	6.23%	5.88%	5.57%
	Southwest	6.19%	6.40%	6.24%	6.41%	5.98%	5.83%	5.62%
	West	5.55%	5.44%	5.60%	5.57%	5.84%	5.72%	5.39%
	Total Retail	6.14%	6.12%	6.11%	6.14%	6.18%	5.94%	5.63%

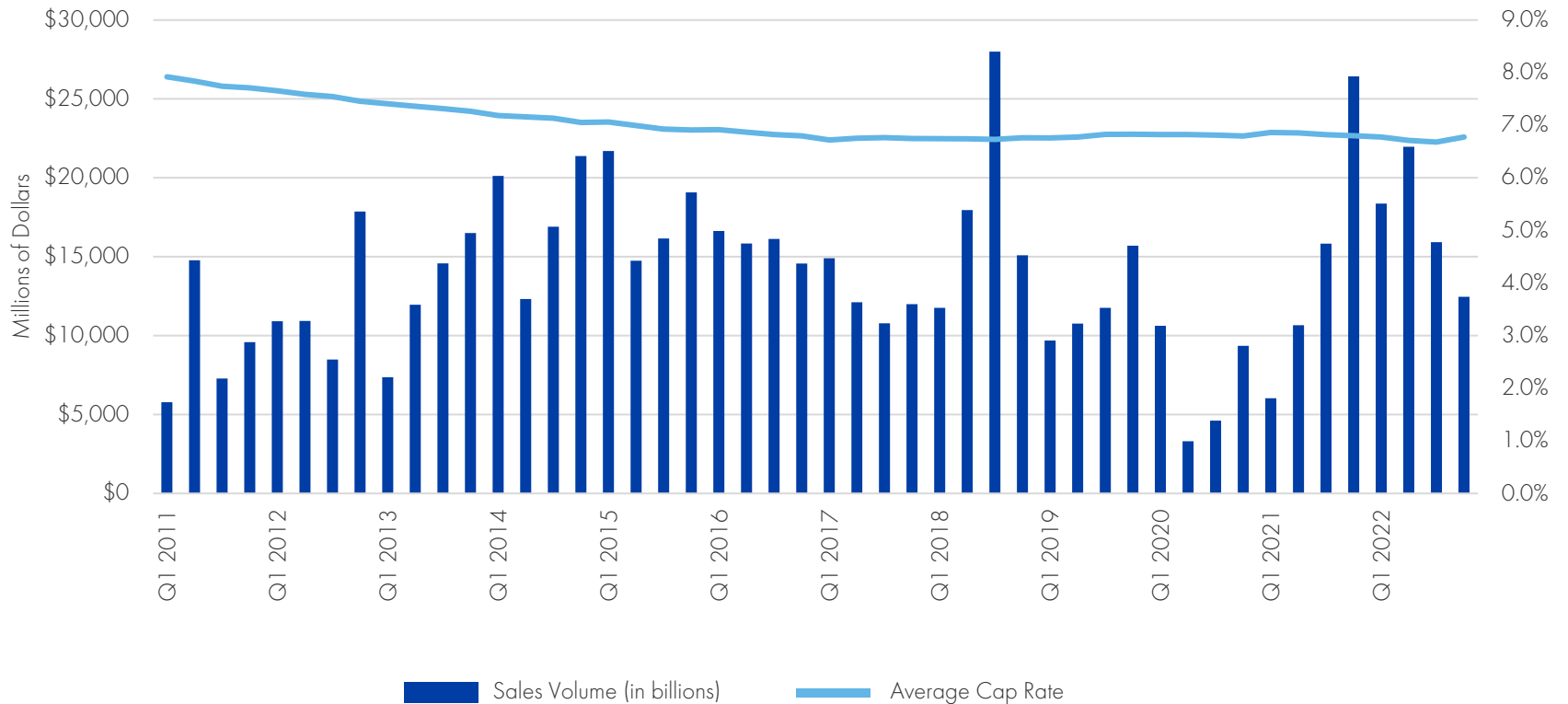
Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding or portfolio transactions spanning multiple regions



Multi-Tenant Retail

After Several Quarters of Compression in an Otherwise Flat Trendline, Multi-Tenant Retail Average Cap Rate Climbs 10 BPS in Q4'22

Multi-Tenant Retail: Quarterly Sales Volume & Cap Rates



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

Multi-Tenant Retail Investment Activity Slows Significantly in H2'22, but Annual Volume Still Rivals Peak Years

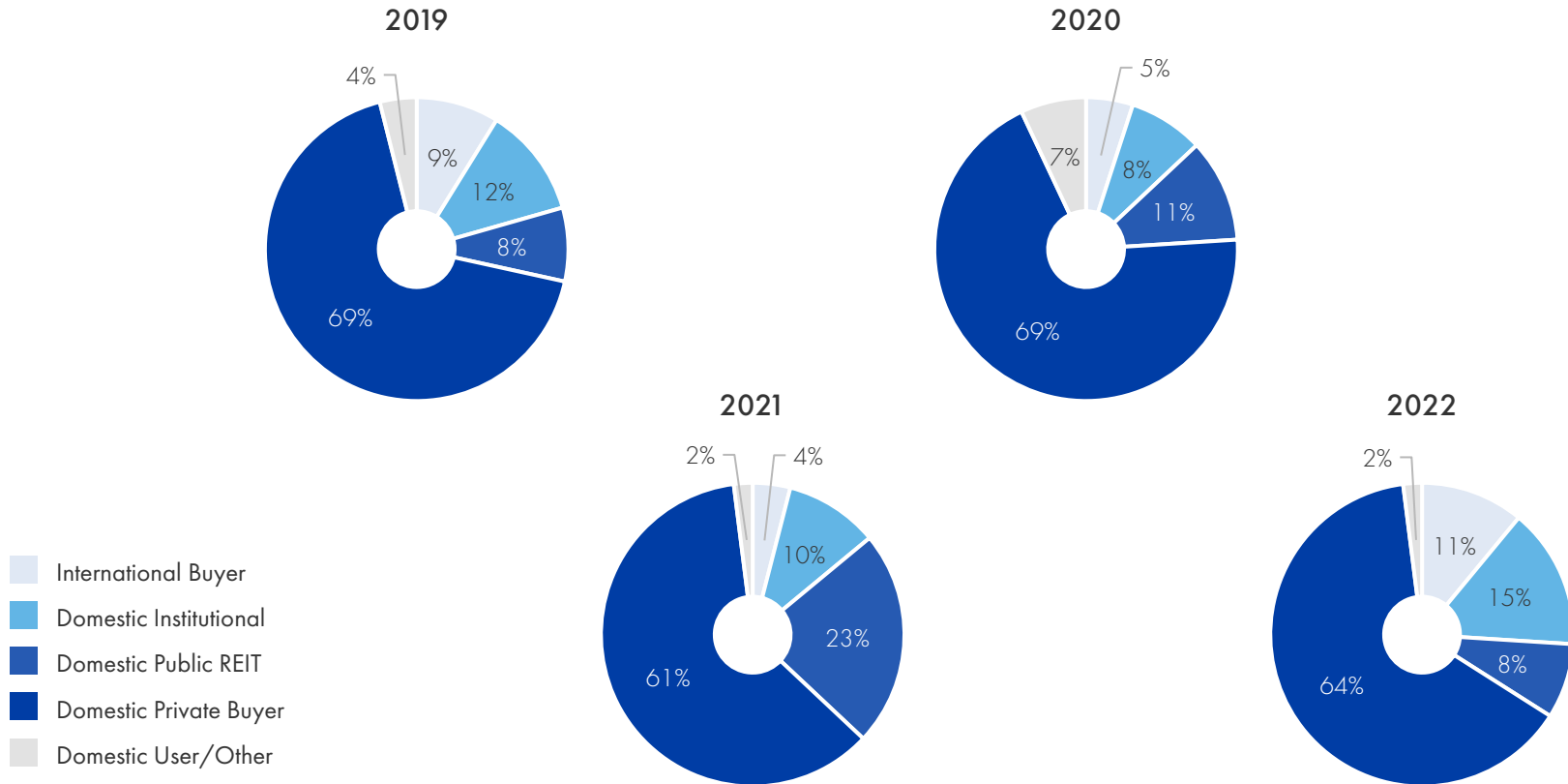
Multi-Tenant Retail: Annual Sales Volume & Cap Rates



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m

Private Buyers Remain the Most Active Investor Type for Multi-Tenant Retail, as International Investors Return to the Sector and REITs Pull Back

Multi-Tenant Retail: Annual Buyer Distribution



Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; graphs may not total 100 percent due to rounding

Northeast Region Sees Quarterly Investment Sales Volume Pick Up in Q4'22, as Overall Multi-Tenant Retail Activity Declines Noticeably From Earlier in the Year

Multi-Tenant Retail: Quarterly Market Statistics, By Region

Sales Volume (in millions)	Region	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Mid-Atlantic	\$718.73	\$1,355.42	\$2,546.64	\$1,462.35	\$1,666.39	\$1,431.32	\$1,154.08
	Midwest	\$1,621.42	\$1,610.77	\$4,324.55	\$1,770.35	\$2,511.29	\$2,345.13	\$1,348.00
	Northeast	\$1,404.21	\$1,375.16	\$2,958.99	\$1,404.97	\$2,408.16	\$1,692.85	\$2,059.98
	Southeast	\$2,062.01	\$4,030.51	\$6,037.63	\$3,785.95	\$6,760.27	\$3,974.16	\$3,310.65
	Southwest	\$2,350.82	\$3,557.49	\$4,559.10	\$2,449.03	\$3,642.95	\$2,762.89	\$1,820.08
	West	\$2,501.68	\$3,901.26	\$5,996.33	\$7,493.29	\$4,977.53	\$3,711.89	\$2,768.76
	Total Retail	\$10,658.88	\$15,830.61	\$26,423.24	\$18,365.95	\$21,966.58	\$15,918.24	\$12,461.55

Average Cap Rates	Region	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	Mid-Atlantic	7.00%	6.98%	6.89%	6.90%	7.11%	7.00%	7.30%
	Midwest	7.72%	7.72%	7.72%	7.57%	7.50%	7.36%	7.43%
	Northeast	5.88%	5.84%	6.05%	6.15%	6.22%	6.42%	6.49%
	Southeast	7.23%	7.17%	7.02%	6.98%	6.86%	6.83%	6.88%
	Southwest	6.92%	6.90%	6.82%	6.76%	6.57%	6.50%	6.48%
	West	5.94%	5.99%	5.98%	5.92%	5.93%	5.76%	5.84%
	Total Retail	6.85%	6.82%	6.80%	6.77%	6.71%	6.68%	6.78%

Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding or portfolio transactions spanning multiple regions

A Strong H1'22 Put the Multi-Tenant Retail Sector on Pace for a Record-Setting Year, but Q4'22 Investment Sales Volume Wasn't Robust Enough

Multi-Tenant Retail: Annual Market Statistics, by Region

Sales Volume (in millions)	Region	2016	2017	2018	2019	2020	2021	2022
	Mid-Atlantic	\$5,807.01	\$3,942.50	\$5,722.95	\$4,257.58	\$2,501.99	\$4,879.99	\$5,714.15
	Midwest	\$9,548.77	\$6,139.64	\$8,921.06	\$5,385.88	\$3,580.72	\$8,288.72	\$7,974.76
	Northeast	\$7,882.64	\$8,224.67	\$10,425.85	\$7,082.33	\$4,502.83	\$6,478.60	\$7,565.96
	Southeast	\$12,891.62	\$11,688.96	\$13,657.64	\$9,745.91	\$6,340.90	\$13,743.47	\$17,831.03
	Southwest	\$8,733.93	\$7,162.56	\$11,924.55	\$7,050.19	\$4,160.27	\$11,463.72	\$10,674.95
	West	\$18,306.38	\$12,641.51	\$22,149.75	\$13,596.73	\$6,829.46	\$14,096.58	\$18,951.47
	Total Retail	\$63,170.35	\$49,799.85	\$72,801.79	\$47,922.04	\$27,916.17	\$58,951.08	\$68,712.32

Average Cap Rates	Region	2016	2017	2018	2019	2020	2021	2022
	Mid-Atlantic	7.01%	6.96%	7.12%	7.44%	7.35%	6.89%	7.30%
	Midwest	7.36%	7.41%	7.45%	7.61%	7.31%	7.72%	7.43%
	Northeast	5.81%	5.76%	5.74%	5.82%	6.09%	6.05%	6.49%
	Southeast	7.19%	7.16%	7.19%	7.24%	7.24%	7.02%	6.88%
	Southwest	6.97%	6.98%	6.95%	6.98%	6.87%	6.82%	6.48%
	West	5.98%	6.05%	6.08%	5.94%	5.93%	5.98%	5.84%
	Total Retail	6.80%	6.75%	6.76%	6.83%	6.79%	6.80%	6.78%

Source: Northmarq Research, Real Capital Analytics; analysis includes sales greater than \$2.5m; total market statistics may not equal the sum of individual property types due to rounding or portfolio transactions spanning multiple regions

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