NEWMARK

2026

Valuation & Advisory's North American Market Survey



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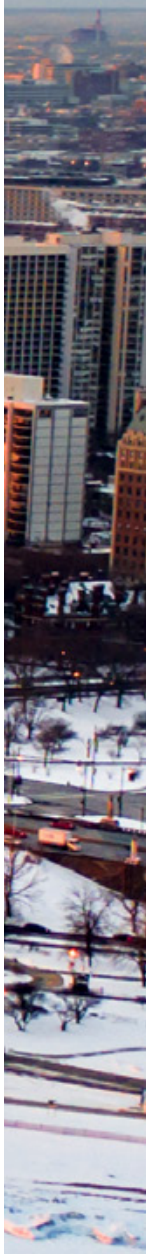
Welcome to the 1Q 2026 edition of the Newmark Valuation & Advisory Semiannual Market Survey, an in depth, city-by-city report featuring capitalization rates, discount rates and industry metrics reflective of current market activity.

We are pleased to introduce a new section of our North American Market Survey which reports Manufactured Housing Community, Manufactured Housing Park, and RV Park financial metrics. Additionally, the survey now includes a Marketing Time table for each of the four major property types including a ranking from shortest to longest.



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, Hospitality, 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
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As I put pen to paper (or in reality, fingertip to keyboard), the first major snowstorm of the season is barreling across the Midwest and heading to the Northeast. Growing up as a child, the excitement of a winter snowstorm was heightened with the anticipation of a potential "snow day". Hearts raced as we rolled out of bed and like a slow burning fuse, watched the list of school closings slowly scroll across the bottom of our TV sets. With this January "white-out" we're coming to understand that a 2026 snow day is very different than the one many of us grew up with. Newspapers this morning all carried stories that NYC kids will have to attend remote classes if this epic storm shuts down schools on Monday. The traditional (and beloved) "snow day" is a done deal.

It's hard to get mad at the new "normal" that we're adapting to with Big Tech and Artificial Intelligence. "Tech" has created a resilience in our current fragile economy. AI stocks have propelled the frothy equity markets these past six months; and in commercial real estate….the development boom in datacenters and energy-related infrastructure has been a continuing source of growth and capital redeployment and is effectively reshaping the development landscape. 2025 saw office and industrial markets moving gradually toward recovery and New York and San Fran are back in center-stage.

Commercial Real Estate in general is starting to feel like a comparative value sanctuary contrasted against the vulnerable and volatile bond & equity markets.

Kinda like a snow fort on a snow day.



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For those living along the I-95 corridor, a snowstorm in the forecast often triggers uncertainty, skepticism, and the occasional dash of panic. Shelves empty as people rush for groceries, flashlights, and shovels in anticipation of the next "snowpocalypse." The broader backdrop feels similar: tariffs, immigration debates, questions about Federal Reserve independence, potential government shutdowns, an ever-shifting patchwork of state and local rules on land use and property operations, rent-control risks, AI's impact, the fragile bond market, and more. Yet amid the noise and confusion, the commercial real estate landscape has been comparatively calm versus the turbulent post-COVID years. Capital markets are strong—near-record debt volumes and more active sales and trading are narrowing bid-ask spreads and more predictable price discovery. In short: less uncertainty, greater stability.

U.S. Industrial

The industrial market has cooled from pandemic peaks into a more balanced phase: leasing has normalized, vacancies have risen into the mid-single digits, rent growth has moderated but remains positive, and heavy recent deliveries temporarily outpace demand while new starts slow under higher capital costs and more stringent underwriting. Newmark Research expects broad stability in 2026, with stronger net absorption, a marked decline in new supply, and stabilizing vacancy and asking rents. In this issue of the North American Market Survey, Newmark Valuation & Advisory reports generally stable industrial property cap rates.

U.S. Office

Newmark Research notes stable to slightly positive net absorption and firmer asking rents for Class A+ and trophy assets—particularly in gateway cities—while marginal properties (Class B/C) are ripe for tenant-led repositioning or full redevelopment, including alternate use or demolition. New construction is largely limited to build-to-suit. Newmark V&A expects office cap rates to stabilize or edge higher, depending on submarket and asset quality. Overall, the office sector remains under pressure with record-high vacancies, elevated sublease availability, subdued leasing amid slow return-to-office trends, and flat-to-declining effective rents as landlords lean on larger concessions.

U.S. Multifamily

Multifamily is in a supply-heavy phase. Record deliveries through 2024–2025 have pushed vacancy to multi-year highs and cooled rent growth, although underlying demand remains healthy. New starts have fallen sharply; Newmark Research indicates the delivery pipeline is roughly 45% below the 2024 peak, amid tighter financing and higher costs, setting up a gradual rebalancing. Conditions are expected to be broadly stable, with supply-constrained markets poised for rent growth and greater price certainty. Concessions should ease in many metros as new supply is projected to decline by about 22% year over year. Newmark V&A reports generally level cap rates—supporting better price discovery and more transactions.

U.S. Retail

Despite a wave of bankruptcies and softer consumer-sentiment readings, retail continues to benefit from a decade of limited new supply. Newmark Research is watching younger generation cohorts for incremental spending, while occupancy remains stable and modern retail formats face constrained availability. Effective rent growth is expected for prime locations, with older, less functional space lagging but offering compelling redevelopment opportunities. As highlighted in this issue of the North American Market Survey, Newmark V&A anticipates steadier cap rates and rising investment volumes in retail.

So, while the world keeps beating the uncertainty drum, let's enjoy John's snow fort—fragile as it may be—in 2026.

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	5.57%	5.21%	5.28%	8.07%	8.16%	6.46%	7.11%
Change from Midyear 2025	(5)	(7)	(12)	(3)	(5)	(12)	(15)
Discount Rate							
Average	6.86%	6.73%	6.85%	9.37%	9.51%	7.71%	8.42%
Change from Midyear 2025	(4)	(13)	(14)	3	(3)	(12)	(12)
Reversion Rate (BPS over Going-In Cap)							
Average	46	45	45	47	47	47	49
Market Rent Growth Rate							
Average	2.81%	2.48%	2.50%	1.60%	1.62%	2.87%	2.75%
Expense Growth Rate							
Average	2.99%	2.98%	2.98%	2.97%	2.97%	3.00%	3.00%

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	6.27%	5.68%	5.74%	8.97%	9.00%	7.11%	7.72%
Change from Midyear 2025	(5)	(13)	(15)	(3)	(1)	(15)	(19)
Discount Rate							
Average	7.53%	7.28%	7.35%	10.36%	10.33%	8.38%	9.03%
Change from Midyear 2025	(8)	(14)	(19)	4	(2)	(14)	(16)
Reversion Rate (BPS over Going-In Cap)							
Average	46	45	45	47	47	47	49
Market Rent Growth Rate							
Average	2.81%	2.48%	2.50%	1.60%	1.62%	2.87%	2.75%
Expense Growth Rate							
Average	2.99%	2.98%	2.98%	2.97%	2.97%	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 2025 and January 2026 including sales and discussions with market participants and service professionals.

Cap Rate Ranking

ASSET CLASS	RANGE	MEDIAN	AVERAGE
Multifamily - CBD Class A	4.50% - 6.25%	5.13%	5.21%
Multifamily - Suburban Class A	4.50% - 6.00%	5.00%	5.28%
Industrial - Warehouse/Logistics Class A	5.00% - 6.50%	5.50%	5.57%
Multifamily - CBD Class B	4.75% - 7.00%	5.50%	5.68%
Multifamily - Suburban Class B	5.00% - 7.00%	5.50%	5.74%
Industrial - Warehouse/Logistics Class B	5.50% - 7.50%	6.25%	6.27%
Retail - Grocery Anchor Strip Class A	5.50% - 7.25%	6.50%	6.46%
Retail - Grocery Anchor Strip Class B	6.00% - 8.25%	7.00%	7.11%
Retail - Unanchored Strip Class A	6.00% - 8.50%	7.00%	7.11%
Office - CBD Class A	6.50% - 9.50%	7.75%	7.72%
Office - Suburban Class A	5.75% - 10.00%	8.00%	8.07%
Retail - Unanchored Strip Class B	6.25% - 9.25%	8.50%	8.16%
Office - CBD Class B	6.25% - 11.25%	9.00%	8.97%
Office - Suburban Class B	6.50% - 11.00%	9.00%	9.00%

Discount Rate Ranking

ASSET CLASS	RANGE	MEDIAN	AVERAGE
Multifamily - CBD Class A	5.50% - 8.50%	6.75%	6.73%
Multifamily - Suburban Class A	6.00% - 8.75%	7.00%	6.85%
Industrial - Warehouse/Logistics Class A	6.00% - 7.50%	7.00%	6.86%
Multifamily - CBD Class B	6.25% - 9.00%	7.25%	7.28%
Multifamily - Suburban Class B	6.50% - 9.25%	7.25%	7.35%
Industrial - Warehouse/Logistics Class B	6.50% - 8.50%	7.50%	7.53%
Retail - Grocery Anchor Strip Class A	6.50% - 9.25%	7.75%	7.71%
Retail - Grocery Anchor Strip Class B	7.00% - 9.75%	8.50%	8.38%
Retail - Unanchored Strip Class A	7.00% - 9.75%	9.00%	8.42%
Retail - Unanchored Strip Class B	7.25% - 10.50%	8.50%	9.03%
Office - CBD Class A	7.00% - 12.00%	9.50%	9.37%
Office - Suburban Class A	7.00% - 11.00%	9.63%	9.51%
Office - Suburban Class B	7.25% - 12.50%	10.25%	10.33%
Office - CBD Class B	7.75% - 13.00%	10.25%	10.36%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.

Marketing Time & Debt Capital Market Snapshot

Marketing Time Ranking

ASSET CLASS	RANGE (mos.)	MEDIAN (mos.)	AVERAGE (mos.)
Multifamily - Suburban	3 - 9	6	5.96
Multifamily - CBD	3 - 12	6	6.07
Industrial - Warehouse/Logistics	3 - 9	6	6.70
Retail - Grocery Anchor Strip	6 - 12	6	7.64
Retail - Unanchored Strip	6 - 12	9	8.65
Office - Suburban	6 - 15	12	10.50
Office - CBD	6 - 18	12	10.53

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.

Debt Capital Market Snapshot

EQUITY INDICES & COMMODITIES				PERCENT CHANGE	
	Current as of Feb 5, 2026	3M Ago	1Y Ago	3M	1Y
Dow Jones	48,925	47,311	44,873	+3.4%	+9.0%
S&P 500	6,796	6,796	6,061	-0.0%	+12.1%
NAREIT All REIT	219	217	223	+1.2%	-1.9%
Office	184	204	225	-9.9%	-18.5%
Residential	416	414	496	+0.7%	-16.1%
Industrial	527	490	487	+7.6%	+8.3%
Retail	289	266	271	+8.6%	+6.4%
Lodging	74.52	67.37	76.10	+10.6%	-2.1%
Datacenter	1,582	1,604	1,738	-1.3%	-9.0%
Self Storage	1,700	1,668	1,865	+1.9%	-8.8%
Commercial Mortgage	12.41	12.64	14.37	-1.8%	-13.6%
iShares CMBS ETF	48.99	48.85	47.72	+0.3%	+2.7%
WTI Crude	65.14	59.60	71.03	+9.3%	-8.3%
Gold	4,920	3,993	2,872	+23.2%	+71.3%
Bitcoin	67,371	103,659	96,936	-35.0%	-30.5%
NASDAQ: NMRK	16.25	17.21	14.14	-5.6%	+14.9%

BENCHMARK RATES				CHANGE IN BASIS POINTS	
Short-Term Yields	**Current as of Feb 5, 2026**	**3M Ago**	**1Y Ago**	**3M**	**1Y**
1 Mo Term SOFR	3.67%	3.99%	4.31%	-32	-63
Fed Funds Rate (Mid)	3.63%	3.88%	4.38%	-25	-75
3 Mo SOFR Dec-26	3.13%	3.17%	3.82%	-4	-70
TREASURY AND SWAP YIELDS					
2yr UST	3.49%	3.63%	4.19%	-14	-70
5yr UST	3.76%	3.76%	4.25%	-1	-49
10yr UST	4.21%	4.16%	4.42%	+5	-20
3yr SOFR Swap	3.35%	3.37%	3.97%	-3	-63
5yr SOFR Swap	3.48%	3.44%	3.95%	+4	-47
10Y2Y Spread	0.72%	0.53%	0.23%	+19	+49

SECONDARY MARKET CMBS & REIT BONDS				CHANGE IN BASIS POINTS	
Bond Spread to Treasury	**Current as of Feb 5, 2026**	**3M Ago**	**1Y Ago**	**3M**	**1Y**
5yr AAA CMBS	56	66	66	-11	-10
10yr AAA CMBS	50	58	56	-8	-6
5yr BBB CMBS	586	573	522	+12	+63
10yr BBB CMBS	390	389	454	+1	-65
REIT Unsecured Spreads	71	80	82	-10	-11
REIT Unsec. Bond Yields	4.70%	4.75%	5.17%	-5	-47

SECONDARY MARKET CORPORATE BONDS				CHANGE IN BASIS POINTS	
Bond Spread to Treasury	**Current as of Feb 5, 2026**	**3M Ago**	**1Y Ago**	**3M**	**1Y**
5yr AAA	17	22	13	-5	+4
10yr AAA	41	45	42	-4	-1
5yr BBB	81	88	83	-7	-3
10yr BBB	95	104	101	-9	-6
HY Corp Bond Spreads	264	287	263	-24	+1
HY Corp Bond Yld	7.05%	7.23%	7.40%	-18	-35

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



Agriculture

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In 2025, the U.S. agricultural market continued to face pressures related to profitability and uncertainty in federal policy.

Given the continued pressures, 2025 felt a lot like 2024; as such, a comparison between 2024 and 2025 reflects some trending themes in the United States agricultural industry.

In 2024 pressures were compounded by broader market conditions, including elevated inflation, higher interest rates, and increased costs of goods, labor, and production inputs, all of which have placed additional strain on farm-level margins. Despite these challenges, the USDA reports that most states witnessed a positive increase in cropland values; however, these increases remain significantly lower than those observed during and immediately following the COVID-19 pandemic. As a result, the current agricultural environment reflects a combination of moderated land value growth, heightened operating risk, and increased reliance on federal relief programs amid evolving tariff considerations and policy shifts.

Uncertainty as to whether the Federal Government would otherwise draft a new five-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.

As of late 2025, USDA reporting indicates that portions of the authorized disaster and economic relief funding have already been distributed to eligible producers through existing USDA programs. Disaster-related payments tied to 2023 and 2024 losses have been issued on a rolling basis, eligibility verification, and acreage reporting requirements. Remaining funds are expected to be distributed through 2025 and into early 2026.

In 2024, the caveat of $31 billion for disaster and economic relief aligned with the current state of affairs in the U.S. agricultural sector. . The profitability of farming operations remained in limbo and the propensity of farmers seeking non-farm-real estate loans (operating loans) increased substantially. Profitability continued to be negatively affected by decline in key commodity prices such as corn and soybean, and by increased costs of debt, labor, and inputs.

In 2025, the USDA announced a separate $12 billion Farm Bridge Assistance program intended to provide short-term liquidity support to agricultural producers facing continued market disruption and elevated production costs. Based on USDA announcements, payments under this program are expected to be released from late 2025 through early 2026.

In most cases, industry participants are urging a comprehensive Farm Bill which allows for structure and certainty in near-term planning rather than the reactionary approach of direct federal assistance.

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 into early 2026.

One overarching theme moving forward in 2026 is changes in Washington D.C. The current administration appointed a new, Secretary of Agriculture, and has focused on key aspects of the U.S. agricultural economy including tariffs, avian influenza, immigration and labor, a new farm bill, the trade deficit, biofuels, rural broadband, beginning farmers, and nutrition programs.

Recent federal policy actions in 2025 under the current administration indicate a shift in emphasis away from renewable energy development, including solar and wind, toward traditional fossil fuel production. Legislative and executive action in 2025 have tightened or phased out certain renewable energy tax incentives, slowed permitting activity for select wind projects, and redirected federal priorities toward oil, neutral gas and other conventional energy sources. Looking ahead these policy shifts are expected to constrain near-term demand for alternative land uses on farmland, particularly for solar and wind energy development, as regulatory uncertainty and reduced federal support will limit project feasibility. As a result, demand for farmland associated with renewable energy installations is anticipated to moderate, with agricultural production remaining the dominant land use in most markets.

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 was evident throughout 2025. While numerous factors continue to influence the agricultural economy, federal leadership established several defined areas of emphasis, which helped reduce some policy uncertainty during the year.

Looking ahead to 2026, cropland values are expected to remain generally stable, with limited appreciation or modest softening in certain markets. We do not expect land values to revisit the outsized gains seen during the COVID-19 era and its immediate aftermath.

Higher interest rates, persistent inflation, elevated input and operating costs, and compressed farm profitability are expected to constrain buyer purchasing power and temper upward pressure on land values. As a result, market conditions in early 2026 are expected to reflect a more balanced environment characterized by subdued appreciation and reduced volatility.



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.



Convenience Stores & Automotive Energy

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Automotive Energy

The National Association for Convenience Stores (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. Fuel consumption volumes declined for the third year in a row (5% year over year), showing a stabilized downward trend. This can be attributed to demand destruction from electric vehicles, better overall average fuel efficiency and work from home behaviors. OPIS DemandPro showed same-store 2025 fuel volume down 2.6% year over year. Fuel margins remained flat from the prior year. A trend has formed showing higher margins (than the previous 20+ years) are here to stay. Gasoline margins took a noticeable step up during the pandemic and have remained historically high, averaging in the 35¢ to 45¢ range. Fuel margins are still up nearly 20% from pre-pandemic, despite volumes being 25% lower, showing high margins have easily compensated for reduced volumes. Inside sales again set a record with the 21st straight year of growth ($335.5 billion; +2.4%). 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 one that is gradual and manageable. With 290 million light-duty vehicles powered by internal combustion engines, a slow rate of new sales (16.3 million in 2025, the highest level of sales since 2019), and electric vehicles making up only 7.5% to 8% of new sales in 2025 (a slight downturn from 2024), liquid fuels are expected to remain in demand for some time. The market struggled significantly after the expiration of federal tax credits in Q3 2025. November 2025 sales fell by 42.2% compared to November 2024. EV sales reached 2.25 million by year end 2025. The new Administration recently rolled back Corporate Average Fuel Economy (CAFE) standards to looser targets, aiming for around 34.5 mpg by 2031 versus. ~50.4 mpg in place before the change. Analysts expect the percentage of new sales to increase to about 10% of the market in the near term with the U.S. not reaching the 50% EV sales threshold until 2039 at the earliest, which is a five-year delay from previous estimates.

Just over 200,000 charging ports were online at the end of 2025, an increase of 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 implemented plans to pull back or pause this funding. Forward-thinking retailers plan on offering a variety of energy options to satisfy consumer demand especially with interstate or highway locations.

AUTOMOTIVE ENERGY 1Q 2025 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Automotive Energy - National	5.25%	6.50%	25	↔	2.00%	2.00%	$0.00
Automotive Energy - Regional	6.50%	8.00%	25	↔	2.00%	2.00%	$0.00
Automotive Energy - Local	8.00%	9.50%	25	↔	2.00%	2.00%	$0.00

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.

Car Washes

There are approximately 620,000 car washes in the United States. The global car wash service market size is estimated to reach $54.48 billion by 2033, registering a CAGR of 5.1% from 2026 to 2033, according to a new report by Grand View Research, Inc. The global subscription carwash services market is projected to grow from $6.39 billion in 2025 to $16.43 billion by 2035. While slowing the pace somewhat in 2024 and 2025, 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 slowdown in new builds, there have been more than 1,000 new express car wash openings over the last two years. After topping out at around 850-900 new stores in 2023, annual builds now hover closer to 550, plus or minus 100. The vast majority (above 90%) are express tunnels. 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.



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.



Healthcare & Seniors Housing

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Healthcare & Seniors Housing
Valuation & Advisory

ABOUT HEALTHCARE & SENIORS HOUSING

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

Seniors Housing

The positive trends towards the end of last year are expected to continue throughout 2026 as operating performance in the sector will significantly improve in the coming months. Occupancy rates for independent and assisted living are increasing in major markets and annual rental growth rates will climb. Historical issues related to staffing expenses and liability insurance are less of a concern and the lack of recent development will positively impact existing communities. Meeting the future needs of the baby boomer generation is a major challenge for the industry, but most market participants are poised to take advantage of the opportunities.

Investors can't seem to get enough of the luxury market, with recent sales suggesting price points above $800,000 per unit will be the new standard. 2026 will be marked by a strong flight to quality, alongside heightened activity from non-traditional investors in seniors housing.

Higher rental rates and occupancies coupled with improvements in operating expenses will make for a very strong 2026.

SENIORS HOUSING 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Independent Living, Class A	5.50%	7.00%	50	↓	4.00%	3.50%	$400
Independent Living, Class B	6.00%	8.00%	50	↔	3.50%	3.50%	$400
Assisted Living/Dementia, Class A	6.00%	7.50%	50	↓	4.00%	3.50%	$400
Assisted Living/Dementia, Class B	6.50%	9.00%	50	↔	4.00%	3.50%	$400
Skilled Nursing, Class A	11.50%	13.00%	50	↔	3.00%	3.00%	$400
Skilled Nursing, Class B	12.50%	15.00%	50	↔	3.00%	3.00%	$400
CCRC, Class A	7.50%	9.00%	50	↔	4.00%	3.50%	$400
CCRC, Class B	8.50%	10.00%	50	↔	4.00%	3.50%	$400

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.



Medical Outpatient Building

Medical Outpatient Building (MOB) assets are expected to see continued demand from investors due to the recession-resistant fundamentals. As demonstrated over the past two years, the inelastic demand for health care services and the supporting real estate are more attractive in times of economic uncertainty. Despite an overall softening of the labor market, health care remains one of the strongest sectors tracked by the Bureau of Labor Statistics. As of August 2025, annual health care employment growth was 2.8% while total nonfarm growth had slowed to less than one percent.

Demographic trends, notably the aging of the Baby Boomer generation, continue to drive increased demand growth for all types of health care services. This demographic shift is creating a robust demand for outpatient services, as consumer preferences are also trending toward more efficient, convenient and specialized facilities. This 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 to meet the healthcare demands of an increasingly elderly population. The demographic and consumer preference trends are expected to drive continued market rent growth and strong occupancy in 2026, despite potential challenges caused by recent healthcare policy changes.

The Medical Outpatient Building (MOB) market is facing headwinds stemming from the One Big Beautiful Bill (OBBB), which introduces significant structural changes to healthcare funding and insurance eligibility. The OBBB is projected to result in 14.2 million more people being without health insurance in 2026 and is designed to reduce government healthcare spending by an estimated $1 trillion over ten years, primarily by reductions to Medicaid. In addition, ACA premium increases (credit reductions) and removal of certain lawful residents from eligibility will further reduce the total number of insured. While these changes create risks for certain providers, they may also inadvertently accelerate the long-term shift toward lower-cost outpatient facilities.

The decreased level of Medical Office Building (MOB) transaction volume in 2025 reflects the lingering elevated interest rates that persisted through most of the year. There was a strong uptick in deal volume in 2024 after the abysmal levels recorded in 2023. However, the increasing trend was hampered by policy changes that slowed the expected course of interest rate reductions following the January 2025 inauguration. Although delayed, the interest rate reductions in the latter part of 2025 led to increasing momentum toward the end of the year and entering 2026.

While a consistent theme in the MOB sector has been tenant "stickiness," the high retention rate also reflects the challenges tenants face 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 maintain strong renewal rates among existing tenants, and continue to drive rent growth in the sector.

Demand for quality MOB investments remains strong as it is a recession-resistant asset class., The fundamentals are solid, demonstrating high occupancy and strong rent growth for the past decade. The 2026 outlook for the national Medical Outpatient Building (MOB) sector will be characterized by increased deal volume. After years of economic volatility and high interest rates, we expect improved investor confidence and tightening spreads in 2026, which should also support larger portfolio transactions.

MEDICAL OUTPATIENT 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
MOB - On-Campus	6.00%	7.25%	25	↔	3.00%	3.00%	$0.25
MOB - Off-Campus	6.25%	7.50%	25	↔	3.00%	3.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.



Hospitality, Gaming & Leisure

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In 2025, the U.S. lodging sector experienced a notable deceleration, with revenue per available room or RevPAR declining 0.3% year over year and occupancy falling 1.2% to 62.3%, marking the first annual contraction in both metrics since 2020. This reversal contrasted with prior years, when the industry consistently posted year over year gains.

Performance weakened as room demand slipped below 2024 levels and both weekday and weekend results softened following tariff-driven economic uncertainty beginning in the spring. The average daily rate or ADR increased 0.9%, but rate growth remained below inflation, limiting operators' ability to offset the EBITDA erosion caused by increased payroll, insurance and energy costs. Over year and occupancy falling 1.2% to 62.3%, marking the first annual contraction in both metrics since 2020. This reversal contrasted with prior years, when the industry consistently posted year over year gains.

HOSPITALITY 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Luxury Hotel, Class A	6.50%	8.50%	25	↔	4.00%	4.00%	4.00%
Luxury Hotel, Class B	7.25%	9.25%	25	↔	4.00%	4.00%	4.00%
Resort Hotel, Class A	6.50%	8.50%	25	↔	4.00%	4.00%	4.00%
Resort Hotel, Class B	7.50%	9.50%	25	↔	4.00%	4.00%	4.00%
Full Service Hotel, Class A	8.00%	10.00%	25	↓	3.00%	4.00%	4.00%
Full Service Hotel, Class B	8.50%	10.50%	25	↔	3.00%	4.00%	4.00%
Select Service Hotel, Class A	7.75%	9.75%	25	↓	3.00%	4.00%	4.00%
Select Service Hotel, Class B	8.75%	10.75%	25	↔	3.00%	4.00%	4.00%
Limited Service Hotel, Class A	8.50%	10.50%	25	↓	3.00%	4.00%	4.00%
Limited Service Hotel, Class B	9.50%	11.50%	25	↔	3.00%	4.00%	4.00%
Extended Stay Hotel, Class A	7.75%	9.75%	25	↓	3.00%	4.00%	4.00%
Extended Stay Hotel, Class B	8.25%	10.25%	25	↔	3.00%	4.00%	4.00%
Airport/Highway Hotel, Class A	8.50%	10.50%	25	↓	3.00%	4.00%	4.00%
Airport/Highway Hotel, Class B	9.50%	11.50%	25	↔	3.00%	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 2025 and January 2026 including sales and discussions with market participants and service professionals.



— Profitability declined due to rising operating costs, with labor, insurance, utilities, and property taxes outpacing revenue gains.

— Transaction volume remained subdued due to a persistently wide bid-ask spread and increased interest rates despite recent cuts to rates.

— High construction costs continued to hamper new hotel development.

— Debt capital remained accessible for cash-flowing properties in the hospitality sector with lenders prioritizing working with preferred borrowers.

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

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The national industrial market saw more tenant friendly fundamentals in 2025, which have shown signs of leveling off as 2026 commences. One of 2025's greatest uncertainties was the impact of trade policy, which appears to be a question still hanging over the industrial sector as of year-end 2025.

Industrial transaction volume in 2025 improved year-over-year, with sales between $25 and $100 million accounting for a rising share of industrial transactions. While sales over $100 million had also grown year-over-year, the largest deals, those in excess of $250 million, had dropped off significantly in 2025, particularly from the elevated levels between 2018 and 2020.

Capitalization rates inched up over 2025, although with some easing in interest rates at the start of 2026, and with spreads between cap rates and the 10-year treasury remaining very tight, cap rates should remain relatively stable in the early part of 2026.

For 2026, the pullback in new construction starts over the past several quarters, coupled with upwardly trending leasing activity, will contribute to an industrial environment with potential for measured improvement. Strength in demand drivers, such as the continued strong manufacturing construction segment, will also help counterbalance some areas of weakness, particularly the sluggish housing market.

INDUSTRIAL 1Q 2026 National Rates Comparison	Going-In Cap Rate	Change from Midyear 2025	Change from 1Q 2025	Change from Midyear 2024	Discount Rate	Change from Midyear 2025 (bps)	Change from 1Q 2025 (bps)	Change from Midyear 2024 (bps)	Reversion Rate (BPS over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replace-ments
WEST REGION												
Warehouse/Logistics Class A	5.46%	-8	-2	4	6.90%	-13	-13	-10	40	2.92%	3.00%	$0.20
Warehouse/Logistics Class B	5.96%	-2	0	12	7.33%	-13	-8	0	40	2.92%	3.00%	$0.20
CENTRAL REGION												
Warehouse/Logistics Class A	5.85%	-5	-13	2	6.93%	-3	-20	5	50	2.80%	3.00%	$0.20
Warehouse/Logistics Class B	6.70%	-5	-10	5	7.83%	-2	-13	13	50	2.80%	3.00%	$0.20
SOUTH REGION												
Warehouse/Logistics Class A	5.58%	-4	0	-19	6.75%	-2	2	-8	47	2.73%	2.92%	$0.20
Warehouse/Logistics Class B	6.37%	-10	-4	-13	7.52%	-12	-8	-10	47	2.73%	2.92%	$0.20
EAST REGION												
Warehouse/Logistics Class A	5.44%	-2	2	8	6.88%	2	0	25	48	2.79%	3.05%	$0.20
Warehouse/Logistics Class B	6.13%	-4	-4	8	7.48%	-2	-6	17	48	2.79%	3.05%	$0.20
UNITED STATES												
Warehouse/Logistics Class A	5.57%	-5	-3	-2	6.86%	-4	-7	3	46	2.81%	2.99%	$0.20
Warehouse/Logistics Class B	6.27%	-5	-4	3	7.53%	-8	-8	4	46	2.81%	2.99%	$0.20
MEXICO												
Warehouse/Logistics Class A	7.00%	0	0	0	9.50%	-50	-50	-50	25	4.00%	4.00%	$0.25
Warehouse/Logistics Class B	8.00%	0	0	0	10.50%	-50	-50	-50	25	4.00%	4.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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%.

The uncertainties in trade policy have increased focus on both on- and near-shoring. U.S. inland ports have benefited from the higher volume with trade partners such as Mexico, while the affordability of commerce with friendly Southeast Asian and Indian trade partners has provided a positive shift towards East Coast ports. In some ways, this has been at the expense of West Coast port activity, such as the Inland Empire freight volumes, which are much more reliant upon shipments from China.

— The ubiquity of artificial intelligence also has numerous impacts on the industrial sector. In many communities across the U.S., the surge in data center development necessary to support the growth of AI applications is placing upward pressure on energy demand, industrial land prices and costs of construction materials. At the other end of the industrial equation, the nascence of implementation of artificial intelligence tools into industrial assets such as logistic facilities, will contribute to the optimization of industrial design, labor productivity, and operational performance. There has been much written about the roboticization of logistics and layering AI into the process will only accelerate the trend of occupiers' flight to quality to the newest and most functional industrial assets.

— Consumer spending in 2025 held up well and inflation continued to moderate to some extent, although the housing market remained soft. With policymakers strongly focused on new ideas to improve housing affordability, any rebound in that crucial demand driver will go a long way to provide a rising tide for the industrial sector. That, and any fiscal stimulus provided from recent tax legislation, may also buttress industrial demand.

— Manufacturing investment continues to surge, although the "reindustrialization" of the U.S. is seeing shifts between sectors. Some industries, such as electric vehicle manufacturing are easing back, while others, such as chip manufacturing and investments in utilities infrastructure, are trending upwards sharply. These investments are an additional accelerant to the industrial market.

— The various tax policies over the past several years have also provided a catalyst to industrial markets, whether through various tax incentives such as accelerated depreciation, the expensing of research and development expenses, or through a re-examination of the regulatory environment.

— For 2026, the general theme will be for a stabilization in vacancy levels and rental rates. With new deliveries not expected to pick up until after the year, there is expectation that rents will move towards positive growth, particularly as net absorption and leasing volumes continue to show the upward trends evident over the last half of 2025.

INDUSTRIAL 1Q 2026 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
DENVER, CO							
Warehouse/Logistics Class A	5.50%	6.00%	50	↓	3.00%	3.00%	$0.15
Warehouse/Logistics Class B	6.00%	6.50%	50	↓	3.00%	3.00%	$0.15
IRVINE/ORANGE, CA							
Warehouse/Logistics Class A	5.25%	7.00%	25	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	5.50%	7.25%	25	↔	3.00%	3.00%	$0.20
LAS VEGAS, NV							
Warehouse/Logistics Class A	5.75%	7.25%	50	↓	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.25%	7.50%	50	↓	3.00%	3.00%	$0.20
LOS ANGELES, CA							
Warehouse/Logistics Class A	5.25%	7.00%	25	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	5.50%	7.25%	25	↔	3.00%	3.00%	$0.20
PHOENIX, AZ							
Warehouse/Logistics Class A	5.50%	7.00%	50	↓	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.25%	7.50%	50	↓	3.00%	3.00%	$0.20
PORTLAND, OR							
Warehouse/Logistics Class A	5.50%	7.00%	25	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.00%	7.50%	25	↔	3.00%	3.00%	$0.20
RENO, NV							
Warehouse/Logistics Class A	5.00%	6.50%	50	↔	4.00%	3.00%	$0.20
Warehouse/Logistics Class B	5.50%	7.00%	50	↔	4.00%	3.00%	$0.20
SACRAMENTO, CA							
Warehouse/Logistics Class A	6.25%	7.50%	50	↔	1.00%	3.00%	$0.20
Warehouse/Logistics Class B	7.00%	8.50%	50	↔	1.00%	3.00%	$0.20
SALT LAKE CITY, UT							
Warehouse/Logistics Class A	5.75%	6.75%	25	↔	3.00%	3.00%	$0.15
Warehouse/Logistics Class B	6.00%	7.00%	25	↔	3.00%	3.00%	$0.15
SEATTLE, WA							
Warehouse/Logistics Class A	5.25%	6.75%	25	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.00%	7.50%	25	↔	3.00%	3.00%	$0.20
SILICON VALLEY/SAN JOSE, CA							
Warehouse/Logistics Class A	5.25%	7.00%	50	↔	3.00%	3.00%	$0.15
Warehouse/Logistics Class B	5.75%	7.25%	50	↔	3.00%	3.00%	$0.15

INDUSTRIAL 1Q 2026 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
CHICAGO, IL							
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%	$0.20
CINCINNATI, OH							
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%	$0.10
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	3.00%	3.00%	$0.10
CLEVELAND, OH							
Warehouse/Logistics Class A	6.25%	7.25%	50	↔	3.00%	3.00%	$0.15
Warehouse/Logistics Class B	7.25%	8.25%	50	↔	3.00%	3.00%	$0.15

INDUSTRIAL 1Q 2026 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
COLUMBUS, OH							
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%	$0.10
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	3.00%	3.00%	$0.10
DETROIT, MI							
Warehouse/Logistics Class A	6.00%	7.50%	50	↔	2.00%	3.00%	$0.15
Warehouse/Logistics Class B	7.00%	8.50%	50	↔	2.00%	3.00%	$0.15
GRAND RAPIDS, MI							
Warehouse/Logistics Class A	6.00%	7.50%	50	↔	2.00%	3.00%	$0.15
Warehouse/Logistics Class B	7.00%	8.50%	50	↔	2.00%	3.00%	$0.15
INDIANAPOLIS, IN							
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%	$0.10
Warehouse/Logistics Class B	7.00%	8.00%	50	↔	3.00%	3.00%	$0.10
KANSAS CITY, MO							
Warehouse/Logistics Class A	5.50%	6.25%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.25%	7.00%	50	↔	3.00%	3.00%	$0.20
MINNEAPOLIS, MN							
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%	$0.25
Warehouse/Logistics Class B	6.00%	7.50%	50	↔	3.00%	3.00%	$0.25
ST. LOUIS. MO							
Warehouse/Logistics Class A	5.75%	6.75%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%	$0.20

INDUSTRIAL 1Q 2026 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
ARKANSAS							
Warehouse/Logistics Class A	5.25%	6.25%	50	↔	2.50%	2.50%	$0.10
Warehouse/Logistics Class B	6.25%	7.75%	50	↔	2.50%	2.50%	$0.10
ATLANTA, GA							
Warehouse/Logistics Class A	5.25%	6.50%	50	↔	3.50%	3.00%	$0.15
Warehouse/Logistics Class B	6.25%	7.50%	50	↔	3.50%	3.00%	$0.15
AUSTIN, TX							
Warehouse/Logistics Class A	6.00%	7.50%	50	↔	2.00%	3.00%	$0.25
Warehouse/Logistics Class B	6.75%	8.25%	50	↔	2.00%	3.00%	$0.25
CHARLOTTE, NC							
Warehouse/Logistics Class A	5.50%	6.75%	6	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.50%	7.50%	6	↔	3.00%	3.00%	$0.20
DALLAS, TX							
Warehouse/Logistics Class A	5.75%	6.75%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%	$0.20
FORT WORTH, TX							
Warehouse/Logistics Class A	5.75%	6.75%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%	$0.20
HOUSTON, TX							
Warehouse/Logistics Class A	5.25%	6.25%	50	↓	3.00%	3.00%	$0.15
Warehouse/Logistics Class B	6.25%	7.25%	50	↓	3.00%	3.00%	$0.15

INDUSTRIAL 1Q 2026 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
MIAMI, FL							
Warehouse/Logistics Class A	5.25%	6.75%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	5.75%	7.00%	50	↔	3.00%	3.00%	$0.20
NEW ORLEANS, LA							
Warehouse/Logistics Class A	6.50%	7.50%	50	↔	2.00%	3.00%	$0.15
Warehouse/Logistics Class B	7.50%	8.50%	50	↔	2.00%	3.00%	$0.15
ORLANDO, FL							
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	3.00%	3.00%	$0.15
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%	$0.15
SAN ANTONIO, TX							
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	2.00%	3.00%	$0.25
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	2.00%	3.00%	$0.25
TAMPA, FL							
Warehouse/Logistics Class A	5.50%	7.00%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.50%	8.00%	50	↔	3.00%	3.00%	$0.20
TULSA/OKLAHOMA CITY, OK							
Warehouse/Logistics Class A	5.00%	6.00%	50	↔	2.50%	2.50%	$0.10
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	2.50%	2.50%	$0.10

INDUSTRIAL 1Q 2026 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
BALTIMORE, MD							
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	3.00%	3.00%	$0.25
Warehouse/Logistics Class B	6.75%	7.75%	50	↔	3.00%	3.00%	$0.25
BOSTON, MA							
Warehouse/Logistics Class A	5.00%	7.00%	50	↔	2.00%	3.00%	$0.20
Warehouse/Logistics Class B	5.50%	7.50%	50	↔	2.00%	3.00%	$0.20
LEHIGH VALLEY, PA							
Warehouse/Logistics Class A	5.75%	7.50%	25	↔	2.00%	3.60%	$0.15
Warehouse/Logistics Class B	6.25%	8.00%	25	↔	2.00%	3.60%	$0.15
NEW YORK CITY BOROUGHS							
Warehouse/Logistics Class A	5.00%	6.50%	50	↔	3.50%	3.00%	$0.50
Warehouse/Logistics Class B	5.50%	6.75%	50	↔	3.50%	3.00%	$0.50
NEW YORK SUBURBS							
Warehouse/Logistics Class A	5.25%	7.00%	50	↔	3.00%	3.00%	$0.40
Warehouse/Logistics Class B	5.75%	8.00%	50	↔	3.00%	3.00%	$0.40
NORTHERN NEW JERSEY							
Warehouse/Logistics Class A	5.00%	6.50%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	5.50%	7.00%	50	↔	3.00%	3.00%	$0.20
PHILADELPHIA, PA							
Warehouse/Logistics Class A	5.25%	7.25%	50	↔	3.00%	3.00%	$0.10
Warehouse/Logistics Class B	6.25%	7.75%	50	↔	3.00%	3.00%	$0.10
PITTSBURGH, PA							
Warehouse/Logistics Class A	5.50%	7.00%	50	↔	2.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.50%	7.75%	50	↔	2.00%	3.00%	$0.20

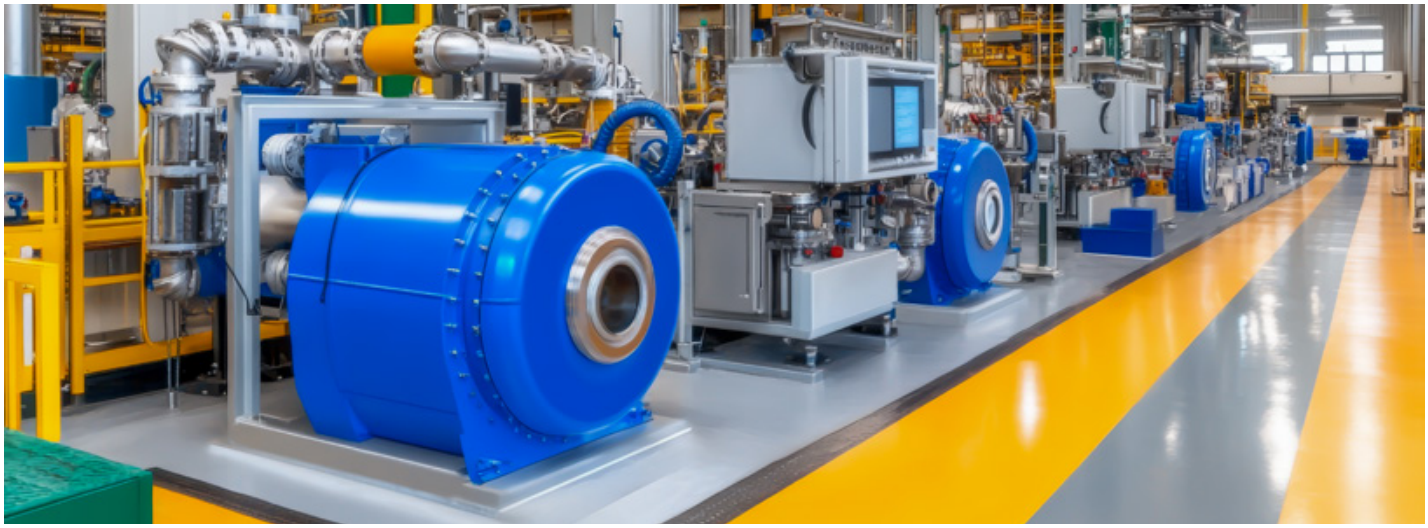
INDUSTRIAL 1Q 2026 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
SOUTHERN NEW JERSEY							
Warehouse/Logistics Class A	5.50%	6.50%	50	↔	3.00%	3.00%	$0.20
Warehouse/Logistics Class B	6.00%	7.00%	50	↔	3.00%	3.00%	$0.20
UPSTATE NEW YORK							
Warehouse/Logistics Class A	6.00%	7.00%	50	↔	3.00%	3.00%	$0.15
Warehouse/Logistics Class B	6.50%	7.50%	50	↔	3.00%	3.00%	$0.15
WASHINGTON DC							
Warehouse/Logistics Class A	5.50%	6.75%	50	↔	3.00%	3.00%	$0.25
Warehouse/Logistics Class B	6.75%	7.50%	50	↔	3.00%	3.00%	$0.25
WILMINGTON, DE							
Warehouse/Logistics Class A	6.00%	6.75%	50	↔	3.00%	3.00%	$0.25
Warehouse/Logistics Class B	6.25%	7.25%	50	↔	3.00%	3.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.

INDUSTRIAL 1Q 2026 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
MEXICO CITY							
Warehouse/Logistics Class A	7.00%	9.50%	25	↔	4.00%	4.00%	$0.25
Warehouse/Logistics Class B	8.00%	10.50%	25	↔	4.00%	4.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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 INDUSTRIAL & LOGISTICS

Newmark V&A's Industrial & Logistics team is dedicated to providing best-in-class valuation & 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 & logistics properties. Newmark V&A's Industrial & Logistics team provides solutions for every type of industrial owner—from traditional investors, such as local developers & owner/operators, to some of the world's largest institutional investors, including industrial REITs & pension funds. We handle transactions of every size, from single-property assignments to multibillion-dollar portfolios & we have the knowledge and experience required to ensure these assignments are executed accurately & 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 remains well below the peak levels achieved in 2021-2022 but did increase in 2025 as compared with 2024. Some markets continue to grapple with supply. However, the longer-term outlook is optimistic.

— Demand for apartment rentals remains 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.

— Nationally, market rents decreased in 2025. However, a significant influx of new supply during the same period slowed growth and even turned some markets negative, most notably in the Sunbelt where there are high levels of new development. Many markets that saw rent growth were less supply burdened. The Midwest, Mid-Atlantic, West and Northeast markets outpaced the Southeast and Southwest. Most market participants anticipate more positive rental trends returning to Sunbelt markets after new supply is absorbed in 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 Real Capital Analytics. Sales volume increased in 2025 as compared with 2024 but is still well below 2021 and 2022 levels. Buyers who took on variable rate bridge debt at the peak liquidity bubble years of 2021 and 2022 have often extended loans when possible. Newer properties, built after 2010 have represented a larger sale of the investment sales market.

— Multifamily debt originations increased above 2023 levels but are still below peak 2021 and 2022 years. Fannie Mae and Freddie Mac have increased their lending caps for 2026 and lead multifamily originations by market share. Banks, debt funds, and insurance companies remain active. Multifamily properties continue to be the largest share of commercial real estate investment sales.

MULTIFAMILY 1Q 2026 National Rates Comparison	Going-In Cap Rate	Change from Midyear 2025	Change from 1Q 2025	Change from Midyear 2024	Discount Rate	Change from Midyear 2025 (bps)	Change from 1Q 2025 (bps)	Change from Midyear 2024 (bps)	Reversion Rate (BPS over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replace-ments
WEST REGION												
CBD Class A	4.98%	-12	-13	-21	6.65%	-12	-6	-12	44	2.58%	3.08%	$250
CBD Class B	5.42%	-8	-13	-27	7.12%	-6	2	-10	44	2.58%	3.08%	$250
Suburban Class A	5.08%	-18	-14	-16	6.87%	-5	-5	-5	44	2.50%	3.08%	$250
Suburban Class B	5.46%	-14	-9	-14	7.29%	-4	-4	-2	44	2.50%	3.08%	$250
CENTRAL REGION												
CBD Class A	5.63%	-7	-5	-13	6.78%	-43	-40	-53	45	1.95%	2.80%	$275
CBD Class B	6.13%	-33	-30	-38	7.40%	-55	-53	-65	45	1.95%	2.80%	$275
Suburban Class A	5.68%	-18	-15	-25	6.75%	-63	-60	-75	45	2.05%	2.80%	$275
Suburban Class B	6.18%	-40	-38	-48	7.25%	-83	-80	-95	45	2.05%	2.80%	$275
SOUTH REGION												
CBD Class A	5.02%	-6	-15	-35	6.60%	-12	-19	-42	42	2.62%	2.96%	$225
CBD Class B	5.50%	-8	-10	-31	7.13%	-13	-15	-38	42	2.62%	2.96%	$225
Suburban Class A	5.08%	-6	-17	-37	6.73%	-10	-19	-35	42	2.62%	2.96%	$250
Suburban Class B	5.58%	-8	-15	-25	7.27%	-13	-17	-31	42	2.62%	2.96%	$250
EAST REGION												
CBD Class A	5.35%	-4	2	-4	6.98%	8	17	33	48	2.73%	3.07%	$250
CBD Class B	5.80%	-6	4	-10	7.55%	10	21	31	48	2.73%	3.07%	$250
Suburban Class A	5.39%	-6	-10	-23	7.07%	10	8	19	48	2.76%	3.06%	$250
Suburban Class B	5.89%	-4	-6	-25	7.60%	9	7	20	48	2.76%	3.06%	$250
UNITED STATES												
CBD Class A	5.21%	-7	-8	-19	6.73%	-13	-11	-17	45	2.48%	2.98%	$250
CBD Class B	5.68%	-13	-11	-26	7.28%	-14	-9	-19	45	2.48%	2.98%	$250
Suburban Class A	5.28%	-12	-14	-25	6.85%	-14	-17	-21	45	2.50%	2.98%	$250
Suburban Class B	5.74%	-15	-16	-27	7.35%	-19	-20	-23	45	2.50%	2.98%	$250
MEXICO												
CBD Class A	6.50%	0	0	0	9.50%	0	0	-50	25	4.00%	4.00%	$0.00
Suburban Class A	8.00%	0	0	0	10.50%	0	0	-50	25	4.00%	4.00%	$0.00

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
55+ Active Adult Multihousing, Class A	5.25%	6.75%	25	↔	3.00%	3.00%	$225
55+ Active Adult Multihousing, Class B	5.75%	7.00%	25	↔	3.00%	3.00%	$250
Student Housing, Tier 1	5.00%	6.50%	25	↔	3.00%	3.00%	$225
Student Housing, Tier 2	5.50%	6.75%	25	↔	3.00%	3.00%	$250

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.

MULTIFAMILY 1Q 2026 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
DENVER, CO							
CBD Class A	4.75%	6.75%	25	↔	3.00%	3.00%	$250
CBD Class B	5.25%	7.25%	25	↔	3.00%	3.00%	$250
Suburban Class A	5.00%	6.75%	25	↔	3.00%	3.00%	$250
Suburban Class B	5.50%	7.50%	25	↔	3.00%	3.00%	$250
IRVINE/ORANGE, CA							
CBD Class A	4.75%	7.00%	50	↔	3.00%	3.00%	$250
CBD Class B	5.00%	7.25%	50	↔	3.00%	3.00%	$250
Suburban Class A	4.75%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class B	5.00%	7.25%	50	↔	3.00%	3.00%	$250
LAS VEGAS, NV							
CBD Class A	5.00%	6.75%	75	↓	2.00%	3.00%	$250
CBD Class B	5.50%	7.25%	75	↓	2.00%	3.00%	$250
Suburban Class A	5.00%	6.75%	75	↓	2.00%	3.00%	$250
Suburban Class B	5.50%	7.25%	75	↓	2.00%	3.00%	$250
LOS ANGELES, CA							
CBD Class A	5.25%	7.25%	50	↔	3.00%	3.00%	$250
CBD Class B	5.50%	7.50%	50	↔	3.00%	3.00%	$250
Suburban Class A	5.25%	7.25%	50	↔	3.00%	3.00%	$250
Suburban Class B	5.50%	7.50%	50	↔	3.00%	3.00%	$250
PHOENIX, AZ							
CBD Class A	5.25%	6.25%	50	↓	1.00%	3.00%	$250
CBD Class B	5.50%	6.50%	50	↓	1.00%	3.00%	$250
Suburban Class A	5.00%	6.25%	50	↓	1.00%	3.00%	$250
Suburban Class B	5.25%	6.50%	50	↓	1.00%	3.00%	$250
PORTLAND, OR							
CBD Class A	5.25%	6.75%	25	↔	2.50%	4.00%	$250
CBD Class B	5.75%	7.25%	25	↔	2.50%	4.00%	$250
Suburban Class A	5.50%	7.00%	25	↔	2.50%	4.00%	$250
Suburban Class B	6.00%	7.50%	25	↔	2.50%	4.00%	$250
RENO, NV							
CBD Class A	5.00%	6.50%	50	↔	3.00%	3.00%	$250
CBD Class B	5.25%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class A	5.00%	6.50%	50	↔	3.00%	3.00%	$0.20
Suburban Class B	5.25%	7.00%	50	↔	3.00%	3.00%	$0.20
SACRAMENTO, CA							
CBD Class A	5.50%	6.75%	50	↔	2.00%	3.00%	$250
CBD Class B	6.25%	7.50%	50	↔	2.00%	3.00%	$250
Suburban Class A	5.75%	7.00%	50	↔	2.00%	3.00%	$250
Suburban Class B	6.25%	7.50%	50	↔	2.00%	3.00%	$250
SALT LAKE CITY, UT							
CBD Class A	5.00%	7.00%	25	↔	1.00%	3.00%	$0.25
CBD Class B	5.25%	7.25%	25	↔	1.00%	3.00%	$0.25
Suburban Class A	5.25%	7.25%	25	↔	1.00%	3.00%	$250
Suburban Class B	5.50%	7.50%	25	↔	1.00%	3.00%	$250



MULTIFAMILY 1Q 2026 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
SAN DIEGO, CA							
CBD Class A	4.75%	7.00%	50	↔	3.00%	3.00%	$250
CBD Class B	5.00%	7.25%	50	↔	3.00%	3.00%	$250
Suburban Class A	4.75%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class B	5.00%	7.25%	50	↔	3.00%	3.00%	$250
SAN FRANCISCO, CA							
CBD Class A	4.50%	5.50%	50	↔	4.00%	3.00%	$0.25
CBD Class B	5.50%	6.50%	50	↔	4.00%	3.00%	$0.25
INLAND EMPIRE, CA							
CBD Class A	5.00%	7.25%	50	↔	3.00%	3.00%	$250
CBD Class B	5.25%	7.50%	50	↔	3.00%	3.00%	$250
SEATTLE, WA							
CBD Class A	5.00%	6.25%	25	↔	3.00%	3.00%	$250
CBD Class B	5.50%	6.75%	25	↔	3.00%	3.00%	$250
Suburban Class A	5.00%	6.50%	25	↔	3.00%	3.00%	$250
Suburban Class B	5.75%	7.25%	25	↔	3.00%	3.00%	$250
SILICON VALLEY/SAN JOSE, CA							
CBD Class A	4.75%	6.75%	50	↔	3.00%	3.00%	$200
CBD Class B	5.25%	7.25%	50	↔	3.00%	3.00%	$200
Suburban Class A	4.75%	6.75%	50	↔	3.00%	3.00%	$200
Suburban Class B	5.25%	7.25%	50	↔	3.00%	3.00%	$200

MULTIFAMILY 1Q 2026 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
CHICAGO, IL							
CBD Class A	5.25%	6.25%	50	↓	3.00%	3.00%	$275
CBD Class B	6.00%	7.00%	50	↓	3.00%	3.00%	$275
Suburban Class A	5.50%	6.50%	50	↓	3.00%	3.00%	$275
Suburban Class B	6.25%	7.25%	50	↓	3.00%	3.00%	$275
CINCINNATI, OH							
CBD Class A	5.75%	7.00%	50	↓	0.00%	3.00%	$300
CBD Class B	6.00%	8.00%	50	↓	0.00%	3.00%	$300
Suburban Class A	5.50%	6.50%	50	↓	0.00%	3.00%	$300
Suburban Class B	5.75%	6.75%	50	↓	0.00%	3.00%	$300
CLEVELAND, OH							
CBD Class A	6.25%	7.25%	50	↓	0.00%	1.00%	$300
CBD Class B	6.50%	7.50%	50	↓	0.00%	1.00%	$300
Suburban Class A	6.00%	7.00%	50	↓	0.00%	1.00%	$300
Suburban Class B	6.25%	7.25%	50	↓	0.00%	1.00%	$300
COLUMBUS, OH							
CBD Class A	5.75%	7.00%	50	↓	0.00%	3.00%	$300
CBD Class B	6.00%	8.00%	50	↓	0.00%	3.00%	$300
Suburban Class A	5.50%	6.50%	50	↓	1.00%	3.00%	$300
Suburban Class B	5.75%	6.75%	50	↓	1.00%	3.00%	$300
DETROIT, MI							
CBD Class A	6.00%	7.50%	25	↓	2.50%	3.00%	$250
CBD Class B	6.50%	8.00%	25	↓	2.50%	3.00%	$250
Suburban Class A	5.50%	7.00%	25	↓	2.50%	3.00%	$250
Suburban Class B	6.00%	7.50%	25	↓	2.50%	3.00%	$250
GRAND RAPIDS, MI							
CBD Class A	5.75%	7.25%	25	↓	2.50%	3.00%	$250
CBD Class B	6.25%	7.75%	25	↓	2.50%	3.00%	$250
Suburban Class A	5.50%	7.00%	25	↓	2.50%	3.00%	$250
Suburban Class B	6.00%	7.50%	25	↓	2.50%	3.00%	$250
INDIANAPOLIS, IN							
CBD Class A	5.50%	6.50%	50	↔	3.00%	3.00%	$250
CBD Class B	6.00%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class A	5.75%	6.75%	50	↔	3.00%	3.00%	$250
Suburban Class B	6.25%	7.25%	50	↔	3.00%	3.00%	$250
KANSAS CITY, MO							
CBD Class A	5.50%	6.25%	50	↓	3.00%	3.00%	$250
CBD Class B	6.25%	7.00%	50	↓	3.00%	3.00%	$250
Suburban Class A	6.00%	6.75%	50	↓	3.00%	3.00%	$250
Suburban Class B	6.75%	7.50%	50	↓	3.00%	3.00%	$250
MINNEAPOLIS, MN							
CBD Class A	5.25%	6.50%	50	↓	2.50%	3.00%	$250
CBD Class B	5.75%	6.75%	50	↓	2.50%	3.00%	$250
Suburban Class A	5.50%	6.50%	50	↓	2.50%	3.00%	$250
Suburban Class B	6.00%	7.00%	50	↓	2.50%	3.00%	$250

MULTIFAMILY 1Q 2026 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
ST. LOUIS. MO							
CBD Class A	5.25%	6.25%	50	↓	3.00%	3.00%	$250
CBD Class B	6.00%	7.00%	50	↓	3.00%	3.00%	$250
Suburban Class A	6.00%	7.00%	50	↓	3.00%	3.00%	$250
Suburban Class B	6.75%	7.75%	50	↓	3.00%	3.00%	$250

MULTIFAMILY 1Q 2026 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
ARKANSAS							
CBD Class A	5.50%	6.50%	50	↔	3.00%	3.00%	$300
CBD Class B	5.75%	7.00%	50	↔	3.00%	3.00%	$300
Suburban Class A	5.00%	6.25%	50	↔	3.00%	3.00%	$300
Suburban Class B	5.50%	7.00%	50	↔	3.00%	3.00%	$300
ATLANTA, GA							
CBD Class A	4.75%	6.50%	50	↔	3.00%	3.00%	$250
CBD Class B	5.00%	6.75%	50	↔	3.00%	3.00%	$250
Suburban Class A	5.00%	6.75%	50	↔	3.00%	3.00%	$250
Suburban Class B	5.25%	7.00%	50	↔	3.00%	3.00%	$250
AUSTIN, TX							
CBD Class A	4.75%	6.25%	50	↔	2.00%	3.00%	$200
CBD Class B	5.00%	6.75%	50	↔	2.00%	3.00%	$200
Suburban Class A	5.00%	6.50%	50	↔	2.00%	3.00%	$250
Suburban Class B	5.25%	7.00%	50	↔	2.00%	3.00%	$250
CHARLOTTE, NC							
CBD Class A	4.75%	6.25%	25	↓	3.00%	3.00%	$225
CBD Class B	5.25%	6.50%	25	↓	3.00%	3.00%	$225
Suburban Class A	5.00%	6.75%	25	↓	3.00%	3.00%	$250
Suburban Class B	5.50%	7.00%	25	↓	3.00%	3.00%	$250
DALLAS, TX							
CBD Class A	4.75%	7.00%	25	↔	3.00%	3.00%	$250
CBD Class B	5.50%	7.75%	25	↔	3.00%	3.00%	$250
Suburban Class A	5.00%	7.25%	25	↔	3.00%	3.00%	$250
Suburban Class B	5.50%	7.75%	25	↔	3.00%	3.00%	$250
FORT WORTH, TX							
CBD Class A	5.00%	7.25%	25	↔	3.00%	3.00%	$250
CBD Class B	5.50%	7.75%	25	↔	3.00%	3.00%	$250
Suburban Class A	5.00%	7.25%	25	↔	3.00%	3.00%	$250
Suburban Class B	5.50%	7.75%	25	↔	3.00%	3.00%	$250
HOUSTON, TX							
CBD Class A	5.00%	6.00%	50	↔	2.00%	3.00%	$200
CBD Class B	5.50%	6.50%	50	↔	2.00%	3.00%	$200
Suburban Class A	5.00%	6.00%	50	↔	2.00%	3.00%	$250
Suburban Class B	5.50%	6.50%	50	↔	2.00%	3.00%	$250

MULTIFAMILY 2025 - Mid - Year National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
MIAMI, FL							
CBD Class A	4.75%	6.75%	25	↔	3.00%	3.00%	$200
CBD Class B	5.25%	7.25%	25	↔	3.00%	3.00%	$200
Suburban Class A	5.00%	7.00%	25	↔	3.00%	3.00%	$200
Suburban Class B	5.50%	7.50%	25	↔	3.00%	3.00%	$200
NEW ORLEANS, LA							
CBD Class A	6.00%	7.00%	50	↔	2.00%	3.00%	$250
CBD Class B	7.00%	8.00%	50	↔	2.00%	3.00%	$250
Suburban Class A	6.00%	7.00%	50	↔	2.00%	3.00%	$250
Suburban Class B	7.00%	8.00%	50	↔	2.00%	3.00%	$250
ORLANDO, FL							
CBD Class A	4.75%	6.75%	50	↔	3.00%	3.00%	$250
CBD Class B	5.25%	7.25%	50	↔	3.00%	3.00%	$250
Suburban Class A	5.00%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class B	5.50%	7.50%	50	↔	3.00%	3.00%	$250
SAN ANTONIO, TX							
CBD Class A	5.00%	6.50%	50	↔	2.00%	3.00%	$250
CBD Class B	5.25%	7.00%	50	↔	2.00%	3.00%	$250
Suburban Class A	5.00%	6.50%	50	↔	2.00%	3.00%	$250
Suburban Class B	5.50%	7.00%	50	↔	2.00%	3.00%	$250
TAMPA, FL							
CBD Class A	4.75%	6.75%	50	↔	3.00%	3.00%	$250
CBD Class B	5.25%	7.25%	50	↔	3.00%	3.00%	$250
Suburban Class A	5.00%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class B	5.50%	7.50%	50	↔	3.00%	3.00%	$250
TULSA/OKLAHOMA CITY, OK							
CBD Class A	5.50%	6.25%	50	↔	2.00%	2.50%	$300
CBD Class B	6.00%	7.00%	50	↔	2.00%	2.50%	$300
Suburban Class A	5.00%	6.25%	50	↔	2.00%	2.50%	$300
Suburban Class B	5.50%	7.00%	50	↔	2.00%	2.50%	$300



MULTIFAMILY 1Q 2026 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
BALTIMORE, MD							
CBD Class A	5.75%	6.50%	50	↓	3.00%	3.00%	$250
CBD Class B	6.25%	7.75%	50	↓	3.00%	3.00%	$250
Suburban Class A	5.50%	6.75%	50	↔	3.00%	3.00%	$250
Suburban Class B	6.50%	7.75%	50	↔	3.00%	3.00%	$250
BOSTON, MA							
CBD Class A	4.75%	7.00%	50	↔	3.00%	3.00%	$250
CBD Class B	5.50%	7.50%	50	↔	3.00%	3.00%	$250
Suburban Class A	4.50%	6.75%	50	↔	3.00%	3.00%	$250
Suburban Class B	5.50%	7.25%	50	↔	3.00%	3.00%	$250
LEHIGH VALLEY, PA							
CBD Class A	5.75%	8.50%	25	↔	1.80%	3.15%	$275
CBD Class B	6.25%	9.00%	25	↔	1.80%	3.15%	$275
Suburban Class A	6.00%	8.75%	25	↔	1.90%	3.15%	$275
Suburban Class B	6.50%	9.25%	25	↔	1.90%	3.15%	$275
NEW YORK, NY (MANHATTAN & NY SUBURBS)							
CBD Class A	4.50%	6.00%	50	↔	3.50%	3.50%	$250
CBD Class B	4.75%	6.25%	50	↔	3.50%	3.50%	$250
NEW YORK CITY BOROUGHS							
Suburban Class A	4.75%	6.25%	50	↔	3.50%	3.50%	$250
Suburban Class B	5.00%	6.50%	50	↔	3.50%	3.50%	$250
NORTHERN NEW JERSEY							
CBD Class A	5.00%	6.75%	50	↔	3.00%	3.00%	$250
CBD Class B	5.25%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class A	5.25%	7.00%	50	↔	2.00%	3.00%	$250
Suburban Class B	5.50%	7.25%	50	↔	2.00%	3.00%	$250
PHILADELPHIA, PA							
CBD Class A	5.50%	6.75%	50	↔	2.00%	3.00%	$250
CBD Class B	6.00%	7.25%	50	↔	2.00%	3.00%	$250
Suburban Class A	5.50%	6.75%	50	↔	3.00%	3.00%	$275
Suburban Class B	6.00%	7.25%	50	↔	3.00%	3.00%	$275
PITTSBURGH, PA							
CBD Class A	6.00%	7.50%	50	↔	2.50%	3.00%	$250
CBD Class B	6.50%	8.00%	50	↔	2.50%	3.00%	$250
Suburban Class A	6.00%	7.50%	50	↔	2.50%	3.00%	$250
Suburban Class B	6.50%	8.00%	50	↔	2.50%	3.00%	$250
SOUTHERN NEW JERSEY							
Suburban Class A	5.50%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class B	6.00%	7.50%	50	↔	3.00%	3.00%	$250
UPSTATE NEW YORK							
CBD Class A	5.75%	7.00%	50	↔	2.50%	3.00%	$300
CBD Class B	6.00%	7.50%	50	↔	2.50%	3.00%	$300
Suburban Class A	5.75%	7.00%	50	↔	2.50%	3.00%	$300
Suburban Class B	6.00%	7.50%	50	↔	2.50%	3.00%	$300

MULTIFAMILY 1Q 2026 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
WASHINGTON DC							
CBD Class A	4.75%	6.50%	50	↓	3.00%	3.00%	$250
CBD Class B	5.00%	7.00%	50	↓	3.00%	3.00%	$250
Suburban Class A	5.00%	7.00%	50	↓	3.00%	3.00%	$250
Suburban Class B	5.25%	7.60%	50	↓	3.00%	3.00%	$250
WILMINGTON, DE							
CBD Class A	5.75%	7.25%	50	↔	3.00%	3.00%	$250
CBD Class B	6.50%	8.25%	50	↔	3.00%	3.00%	$250
Suburban Class A	5.50%	7.00%	50	↔	3.00%	3.00%	$250
Suburban Class B	6.00%	7.75%	50	↔	3.00%	3.00%	$250

MULTIFAMILY 1Q 2026 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
MEXICO CITY							
CBD Class A	6.50%	9.50%	25	↔	4.00%	4.00%	$0.00
CBD Class B	N/A	N/A	25	↔	4.00%	4.00%	$0.00
Suburban Class A	8.00%	10.50%	25	↔	4.00%	4.00%	$0.00
Suburban Class B	N/A	N/A	25	↔	4.00%	4.00%	$0.00

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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.



Manufactured Housing & RV Parks

Ned Palmer II, MAI
First Vice President
Valuation & Advisory

Investment activity in manufactured housing and RVs remains robust across all market segments. Large institutional investors continue to pursue Class A/B communities at aggressive cap rates, with portfolio deals exceeding 1,000 pads trading below 4.50% in places where rents are already at market levels. Investor expectations remain strong, with anticipated manufactured housing communities (MHC) rent growth continuing to outpace traditional multifamily.

— Class A and B communities with over 200 pads are dominated by large investors who acquire quality communities and invest heavily in amenities to drive above-market rent growth over extended hold periods. These sophisticated operators typically implement measured annual increases of $50-$100 per pad to maintain tenant retention, avoid negative publicity, and preserve favorable economics over longer mark-to-market timelines. RV parks continue trading at 50-150 basis point premiums compared to traditional MHC land-lease communities, reflecting revenue stability differences.

— Class C communities with less than 100 pads demonstrate significant information asymmetry, with many properties operating 20-60% below market rents. Family offices, syndicators and smaller investors actively pursue these opportunities despite operational challenges. Larger operators will occasionally enter this space for bolt-on acquisitions near existing holdings, often paying premiums based on operational efficiencies gained.

MANUFACTURED HOUSING COMMUNITY 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Class A & B	5.25%	6.75%	25	↔	3.00%	3.00%	$75.00

MANUFACTURED HOUSING PARK 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Class C	6.00%	7.50%	25	↔	3.00%	3.00%	$75.00

RV PARK 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Class A & B	8.00%	9.50%	25	↔	3.00%	3.00%	$75.00
Class C	9.00%	10.50%	25	↔	3.00%	3.00%	$75.00

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.

— President Trump's reinstatement of 100% bonus depreciation in 2025 has significantly enhanced returns, generating effective year one returns of 25-30% for investors with offsetable capital gains. This tax benefit drives family office interest and supports pricing, although clawback provisions typically require seven or more-year hold periods.

— Smaller operators are pushing annual increases exceeding $100 per pad to accelerate yields, while institutional players maintain $50-$100 ranges with five year or greater stabilization periods. Combined with extended hold periods driven by depreciation strategies, transaction volume remains limited relative to market size, supporting continued pricing strength.

— Beware of in-place capitalization rates without knowing the fundamentals driving the rate. Given the gap between contract and market in many communities, the in-place rates often are not economically stabilized rates and have little meaning except to indicate that the property traded with significantly below market contract rents.

— An emerging trend is "outdoor hospitality" properties which are highly amenitized RV and campground facilities operating on nightly rental models and they represent a growing segment. Premium operators like Margaritaville command rates comparable to hotels and resorts, appealing to lifestyle travellers seeking quality experiences. This segment warrants continued monitoring given its rapid growth trajectory.



ABOUT MULTIFAMILY AFFORDABLE HOUSING

Newmark Valuation & Advisory's Multifamily and Multifamily HUD group includes valuation and consulting professionals that specialize in affordable housing properties throughout the United States.

At Newmark, it is recognized that affordable housing valuation work involves very specific methodology and analysis that is truly a specialty practice. It requires an understanding of development support that includes typical components of multifamily but also knowledge and understanding of various project and economic influences that are required to create the feasibility for such transactions; both tangible and intangible components. Our teams are experienced in this regard and our templates and work product strive to provide a well communicated report that clearly breaks out and supports the different value influences that relate to development or re-development of this important real estate component.



Office

Douglas H. Larson, MRICS
Vice Chairman
Specialty Practice Leader - Office
Valuation & Advisory

Improved leasing in most major markets leads to cautious optimism.

— Leasing activity increased across most tracked markets in 2025, with national leasing volume of nearly 55 million square feet, down only 3.8% year over year. Gateway markets have outperformed, showing signs of recovery, while all regions except Central markets have posted gains over the past year. Supported with a stronger tenant pipeline and diminishing new supply, the office market enters 2026 with cautious optimism and stabilization leading to occupancy growth. Demand was more active with over 70% of tenants maintaining or expanding their footprint, having already "right-sized" to hybrid work models. Large-block leasing activity in the technology and media and advertising sectors increased, reaching their highest levels since 2022. The finance, insurance and real estate or FIRE sectors remains the dominant driver of large-block leasing.

— Annual net absorption totaled 12.5 million square feet, reflecting the best full year of occupancy growth since 2019, although vacancy remains elevated in most markets. Positive net absorption over the past year was largely driven by increased leasing particularly in high quality, amenity-rich buildings in several major markets such as New York. Occupancy gains in the fourth quarter were driven primarily by smaller secondary and tertiary markets and the East region. To sustain elevated asking rents, many landlords continued to offer larger concessions to attract and retain tenants.

OFFICE 1Q 2026 National Rates Comparison	Going-In Cap Rate	Change from Midyear 2025	Change from 1Q 2025	Change from Midyear 2024	Discount Rate	Change from Midyear 2025 (bps)	Change from 1Q 2025 (bps)	Change from Midyear 2024 (bps)	Reversion Rate (BPS over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replace-ments
WEST REGION												
CBD Class A	7.77%	-13	-4	54	9.14%	-15	4	54	50	1.50%	3.00%	$0.22
CBD Class B	8.48%	-2	10	56	9.89%	0	10	50	50	1.50%	3.00%	$0.22
Suburban Class A	7.89%	-4	-2	48	9.39%	0	21	65	45	1.27%	3.00%	$0.22
Suburban Class B	8.52%	0	6	42	9.98%	2	21	58	45	1.27%	3.00%	$0.22
CENTRAL REGION												
CBD Class A	8.43%	-5	10	33	9.70%	5	15	50	45	1.55%	2.85%	$0.24
CBD Class B	9.35%	-5	-3	25	10.78%	5	5	35	45	1.55%	2.85%	$0.24
Suburban Class A	8.38%	-30	-15	7	9.65%	-30	-18	15	45	1.65%	2.85%	$0.23
Suburban Class B	9.18%	-25	-20	8	10.45%	-30	-33	0	45	1.65%	2.85%	$0.23
SOUTH REGION												
CBD Class A	8.15%	10	12	48	9.52%	13	13	46	48	1.88%	2.96%	$0.23
CBD Class B	8.87%	2	4	46	10.37%	12	8	60	48	1.88%	2.96%	$0.23
Suburban Class A	8.15%	12	15	44	9.58%	10	15	48	48	2.04%	2.96%	$0.23
Suburban Class B	8.92%	19	23	56	10.37%	15	21	54	48	2.04%	2.96%	$0.23
EAST REGION												
CBD Class A	7.95%	-4	4	38	9.14%	6	15	54	46	1.41%	3.07%	$0.29
CBD Class B	9.25%	-8	4	52	10.43%	-2	10	65	46	1.41%	3.07%	$0.29
Suburban Class A	8.23%	-4	4	19	9.44%	2	13	35	48	1.46%	3.07%	$0.28
Suburban Class B	9.38%	-4	4	42	10.52%	0	10	48	48	1.46%	3.07%	$0.28
UNITED STATES												
CBD Class A	8.07%	-3	5	44	9.37%	3	12	51	47	1.60%	2.97%	$0.24
CBD Class B	8.97%	-3	4	46	10.36%	4	9	53	47	1.60%	2.97%	$0.24
Suburban Class A	8.16%	-5	2	31	9.51%	-3	9	42	47	1.62%	2.97%	$0.24
Suburban Class B	9.00%	-1	5	38	10.33%	-2	7	42	47	1.62%	2.97%	$0.24
MEXICO												
CBD Class A	8.00%	0	0	0	10.25%	0	-25	-25	25	4.00%	4.00%	$0.25
CBD Class B	9.25%	25	25	25	11.25%	0	-25	-25	25	4.00%	4.00%	$0.25
Suburban Class A	8.75%	25	25	25	10.75%	0	-25	-75	25	4.00%	4.00%	$0.25
Suburban Class B	9.75%	25	25	25	11.75%	0	-25	-25	25	4.00%	4.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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%.

— The construction pipeline contracted as a significant portion of recent deliveries remains unleased. While many older, noncompetitive buildings are being repositioned through upgrades, more increasingly, obsolete assets are being removed from the inventory through demolition or conversion to other asset types.

— National office investment sales saw a rebound in 2025, with total transaction volume reflecting a 22% increase over the prior year. Driven by a return of institutional investors, Manhattan led national sales volume, closing the year at $12.8 billion, a 59% increase over 2024 and the strongest level of activity since 2019. While national sales increased, providing pricing discovery, distressed asset share of sales remained high allowing new opportunities for investors.

OFFICE 1Q 2026 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
DENVER, CO							
CBD Class A	7.50%	8.50%	50	↔	1.50%	3.00%	$0.20
CBD Class B	8.50%	10.00%	50	↔	1.50%	3.00%	$0.20
Suburban Class A	8.00%	9.25%	50	↔	1.00%	3.00%	$0.20
Suburban Class B	9.50%	10.25%	50	↔	1.00%	3.00%	$0.20
IRVINE/ORANGE, CA							
CBD Class A	8.50%	9.50%	0	↔	3.00%	3.00%	$0.20
CBD Class B	9.00%	10.00%	0	↔	3.00%	3.00%	$0.20
Suburban Class A	8.00%	9.50%	25	↔	3.00%	3.00%	$0.20
Suburban Class B	8.50%	10.00%	25	↔	3.00%	3.00%	$0.20
LAS VEGAS, NV							
CBD Class A	8.00%	10.00%	50	↔	2.00%	3.00%	$0.20
CBD Class B	8.50%	10.50%	50	↔	2.00%	3.00%	$0.20
Suburban Class A	7.50%	9.75%	50	↔	2.00%	3.00%	$0.20
Suburban Class B	8.00%	10.25%	50	↔	2.00%	3.00%	$0.20
LOS ANGELES, CA							
CBD Class A	9.00%	10.00%	0	↔	3.00%	3.00%	$0.20
CBD Class B	9.50%	10.50%	0	↔	3.00%	3.00%	$0.20
Suburban Class A	9.00%	10.00%	25	↔	3.00%	3.00%	$0.20
Suburban Class B	9.50%	10.50%	25	↔	3.00%	3.00%	$0.20
PHOENIX, AZ							
CBD Class A	7.25%	9.00%	50	↔	2.00%	3.00%	$0.20
CBD Class B	7.75%	9.50%	50	↔	2.00%	3.00%	$0.20
Suburban Class A	7.50%	9.25%	50	↔	2.00%	3.00%	$0.20
Suburban Class B	8.00%	9.75%	50	↔	2.00%	3.00%	$0.20
PORTLAND, OR							
CBD Class A	9.00%	9.75%	25	↔	0.00%	3.00%	$0.25
CBD Class B	11.00%	11.50%	25	↔	0.00%	3.00%	$0.25
Suburban Class A	8.50%	9.50%	25	↔	0.00%	3.00%	$0.25
Suburban Class B	9.00%	10.00%	25	↔	0.00%	3.00%	$0.25
RENO, NV							
CBD Class A	6.25%	8.25%	75	↔	3.00%	3.00%	$0.20
CBD Class B	6.75%	8.75%	75	↔	3.00%	3.00%	$0.20
Suburban Class A	6.25%	8.25%	75	↔	3.00%	3.00%	$0.20
Suburban Class B	6.75%	8.75%	75	↔	3.00%	3.00%	$0.20
SACRAMENTO, CA							
Suburban Class A	8.50%	9.50%	50	↔	1.00%	3.00%	$0.25
Suburban Class B	9.00%	10.50%	50	↔	1.00%	3.00%	$0.25
SALT LAKE CITY, UT							
CBD Class A	8.50%	10.50%	25	↔	1.00%	3.00%	$0.25
CBD Class B	9.00%	11.00%	25	↔	1.00%	3.00%	$0.25
Suburban Class A	9.00%	11.00%	25	↔	1.00%	3.00%	$0.25
Suburban Class B	9.50%	11.50%	25	↔	1.00%	3.00%	$0.25



OFFICE 1Q 2026 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
SAN FRANCISCO, CA							
CBD Class A	7.00%	8.50%	50	↔	3.00%	3.00%	$0.25
CBD Class B	8.00%	9.50%	50	↔	3.00%	3.00%	$0.25
SEATTLE, WA							
CBD Class A	7.00%	8.50%	0	↔	0.00%	3.00%	$0.25
CBD Class B	8.00%	9.50%	0	↔	0.00%	3.00%	$0.25
Suburban Class A	7.00%	9.00%	0	↔	0.00%	3.00%	$0.25
Suburban Class B	8.50%	10.00%	0	↔	0.00%	3.00%	$0.25
SILICON VALLEY/SAN JOSE, CA							
CBD Class A	8.50%	9.50%	50	↔	0.00%	3.00%	$0.25
CBD Class B	8.75%	10.00%	50	↔	0.00%	3.00%	$0.25
Suburban Class A	8.00%	9.50%	50	↔	0.00%	3.00%	$0.25
Suburban Class B	8.50%	10.00%	50	↔	0.00%	3.00%	$0.25

OFFICE 1Q 2026 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
CHICAGO, IL							
CBD Class A	7.00%	8.25%	50	↓	2.00%	3.00%	$0.35
CBD Class B	9.00%	10.25%	50	↓	2.00%	3.00%	$0.35
Suburban Class A	7.25%	8.50%	50	↓	2.00%	3.00%	$0.30
Suburban Class B	8.25%	9.50%	50	↓	2.00%	3.00%	$0.30
CINCINNATI, OH							
CBD Class A	9.25%	10.50%	50	↔	2.50%	2.50%	$0.20
CBD Class B	10.50%	11.75%	50	↔	2.50%	2.50%	$0.20
Suburban Class A	9.25%	10.50%	50	↔	2.50%	2.50%	$0.20
Suburban Class B	10.50%	11.75%	50	↔	2.50%	2.50%	$0.20
CLEVELAND, OH							
CBD Class A	9.50%	12.00%	50	↔	3.00%	3.00%	$0.10
CBD Class B	10.50%	13.00%	50	↔	3.00%	3.00%	$0.10
Suburban Class A	7.50%	8.50%	50	↔	3.00%	3.00%	$0.10
Suburban Class B	8.50%	9.50%	50	↔	3.00%	3.00%	$0.10
COLUMBUS, OH							
CBD Class A	9.00%	10.00%	50	↔	0.00%	3.00%	$0.30
CBD Class B	9.50%	11.25%	50	↔	0.00%	3.00%	$0.30
Suburban Class A	8.75%	10.00%	50	↔	0.00%	3.00%	$0.30
Suburban Class B	9.50%	11.25%	50	↔	0.00%	3.00%	$0.30
DETROIT, MI							
CBD Class A	8.25%	9.25%	25	↔	2.50%	2.50%	$0.15
CBD Class B	8.75%	10.25%	25	↔	2.50%	2.50%	$0.15
Suburban Class A	8.75%	10.25%	25	↔	2.50%	2.50%	$0.15
Suburban Class B	9.75%	11.25%	25	↔	2.50%	2.50%	$0.15
GRAND RAPIDS, MI							
CBD Class A	8.00%	9.00%	25	↔	2.50%	2.50%	$0.15
CBD Class B	8.50%	10.00%	25	↔	2.50%	2.50%	$0.15
Suburban Class A	8.50%	10.00%	25	↔	2.50%	2.50%	$0.15
Suburban Class B	9.00%	10.50%	25	↔	2.50%	2.50%	$0.15
INDIANAPOLIS, IN							
CBD Class A	9.00%	10.00%	50	↔	0.00%	3.00%	$0.20
CBD Class B	9.50%	11.00%	50	↔	0.00%	3.00%	$0.20
Suburban Class A	8.75%	10.00%	50	↔	0.00%	3.00%	$0.20
Suburban Class B	9.50%	11.00%	50	↔	0.00%	3.00%	$0.20
KANSAS CITY, MO							
CBD Class A	7.75%	8.75%	50	↔	1.00%	3.00%	$0.35
CBD Class B	9.00%	10.00%	50	↔	1.00%	3.00%	$0.35
Suburban Class A	8.25%	9.50%	50	↔	2.00%	3.00%	$0.35
Suburban Class B	8.75%	9.75%	50	↔	2.00%	3.00%	$0.35
MINNEAPOLIS, MN							
CBD Class A	9.00%	9.75%	25	↔	0.00%	3.00%	$0.25
CBD Class B	11.00%	11.50%	25	↔	0.00%	3.00%	$0.25
Suburban Class A	8.50%	9.50%	25	↔	0.00%	3.00%	$0.25
Suburban Class B	9.00%	10.00%	25	↔	0.00%	3.00%	$0.25

OFFICE 1Q 2026 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
ST. LOUIS. MO							
CBD Class A	8.00%	9.50%	50	↔	1.00%	3.00%	$0.35
CBD Class B	9.25%	10.25%	50	↔	1.00%	3.00%	$0.35
Suburban Class A	8.25%	9.50%	50	↔	1.00%	3.00%	$0.35
Suburban Class B	9.00%	10.00%	50	↔	1.00%	3.00%	$0.35

OFFICE 1Q 2026 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
ARKANSAS							
CBD Class A	9.50%	10.50%	50	↔	2.00%	2.50%	$0.25
CBD Class B	10.00%	11.00%	50	↔	2.00%	2.50%	$0.25
Suburban Class A	7.00%	8.00%	50	↔	2.50%	2.50%	$0.25
Suburban Class B	8.00%	9.50%	50	↔	2.50%	2.50%	$0.25
ATLANTA, GA							
CBD Class A	7.50%	9.00%	50	↔	2.00%	3.00%	$0.25
CBD Class B	8.50%	10.00%	50	↔	2.00%	3.00%	$0.25
Suburban Class A	9.00%	10.50%	50	↔	2.00%	3.00%	$0.25
Suburban Class B	9.50%	11.00%	50	↔	2.00%	3.00%	$0.25
AUSTIN, TX							
CBD Class A	7.50%	9.00%	50	↑	0.00%	3.00%	$0.25
CBD Class B	9.00%	10.50%	50	↑	0.00%	3.00%	$0.25
Suburban Class A	9.00%	10.50%	50	↑	1.00%	3.00%	$0.25
Suburban Class B	11.00%	12.50%	50	↑	1.00%	3.00%	$0.25
CHARLOTTE, NC							
CBD Class A	7.50%	9.00%	25	↓	3.00%	3.00%	$0.25
CBD Class B	8.00%	10.00%	25	↓	3.00%	3.00%	$0.25
Suburban Class A	7.75%	9.50%	25	↓	2.50%	3.00%	$0.25
Suburban Class B	8.50%	10.00%	25	↓	2.50%	3.00%	$0.25
DALLAS, TX							
CBD Class A	8.00%	10.00%	50	↔	2.00%	3.00%	$0.20
CBD Class B	8.50%	10.50%	50	↔	2.00%	3.00%	$0.20
Suburban Class A	7.50%	9.75%	50	↔	2.00%	3.00%	$0.20
Suburban Class B	8.00%	10.25%	50	↔	2.00%	3.00%	$0.20
FORT WORTH, TX							
CBD Class A	8.00%	10.00%	50	↔	2.00%	3.00%	$0.20
CBD Class B	8.50%	10.50%	50	↔	2.00%	3.00%	$0.20
Suburban Class A	7.50%	9.75%	50	↔	2.00%	3.00%	$0.20
Suburban Class B	8.00%	10.25%	50	↔	2.00%	3.00%	$0.20
HOUSTON, TX							
CBD Class A	7.00%	8.00%	50	↔	3.00%	3.00%	$0.25
CBD Class B	7.50%	9.50%	50	↔	3.00%	3.00%	$0.25
Suburban Class A	8.00%	9.00%	50	↔	3.00%	3.00%	$0.20
Suburban Class B	8.50%	9.50%	50	↔	3.00%	3.00%	$0.20

OFFICE 1Q 2026 National Rates Comparisone - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
MIAMI, FL							
CBD Class A	6.75%	8.00%	50	↔	3.00%	3.00%	$0.25
CBD Class B	7.50%	8.75%	50	↔	3.00%	3.00%	$0.25
Suburban Class A	7.50%	8.50%	50	↔	3.00%	3.00%	$0.25
Suburban Class B	8.00%	9.00%	50	↔	3.00%	3.00%	$0.25
NEW ORLEANS, LA							
CBD Class A	10.00%	11.00%	50	↔	1.00%	3.00%	$0.15
CBD Class B	11.00%	12.00%	50	↔	1.00%	3.00%	$0.15
Suburban Class A	9.00%	10.00%	50	↔	1.00%	3.00%	$0.15
Suburban Class B	10.00%	11.00%	50	↔	1.00%	3.00%	$0.15
ORLANDO, FL							
CBD Class A	8.00%	9.50%	50	↔	2.50%	3.00%	$0.20
CBD Class B	8.50%	10.25%	50	↔	2.50%	3.00%	$0.20
Suburban Class A	8.50%	9.75%	50	↔	2.50%	3.00%	$0.20
Suburban Class B	9.00%	10.25%	50	↔	2.50%	3.00%	$0.20
SAN ANTONIO, TX							
CBD Class A	8.75%	9.75%	50	↔	0.00%	3.00%	$0.25
CBD Class B	9.00%	10.00%	50	↔	0.00%	3.00%	$0.25
Suburban Class A	9.25%	10.25%	50	↔	1.00%	3.00%	$0.25
Suburban Class B	9.50%	10.50%	50	↔	1.00%	3.00%	$0.25
TAMPA, FL							
CBD Class A	7.50%	9.00%	50	↔	3.00%	3.00%	$0.25
CBD Class B	8.25%	9.75%	50	↔	3.00%	3.00%	$0.25
Suburban Class A	8.50%	10.00%	50	↔	2.00%	3.00%	$0.25
Suburban Class B	9.00%	10.50%	50	↔	2.00%	3.00%	$0.25
TULSA/OKLAHOMA CITY, OK							
CBD Class A	10.00%	11.00%	50	↔	1.00%	3.00%	$0.25
CBD Class B	11.00%	12.00%	50	↔	1.00%	3.00%	$0.25
Suburban Class A	7.50%	9.00%	50	↔	2.00%	3.00%	$0.25
Suburban Class B	9.00%	10.50%	50	↔	2.00%	3.00%	$0.25

OFFICE 1Q 2026 National Rates Comparisone - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
BALTIMORE, MD							
CBD Class A	9.25%	10.50%	50	↔	0.00%	3.00%	$0.25
CBD Class B	11.25%	12.50%	50	↔	0.00%	3.00%	$0.25
Suburban Class A	8.50%	10.00%	50	↓	0.00%	3.00%	$0.25
Suburban Class B	10.50%	12.00%	50	↓	0.00%	3.00%	$0.25
BOSTON, MA							
CBD Class A	6.50%	8.00%	50	↔	0.00%	3.00%	$0.25
CBD Class B	9.00%	10.25%	50	↔	0.00%	3.00%	$0.25
Suburban Class A	7.50%	9.00%	50	↔	0.00%	3.00%	$0.25
Suburban Class B	9.50%	10.50%	50	↔	0.00%	3.00%	$0.25

OFFICE 1Q 2026 National Rates Comparisone - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
LEHIGH VALLEY, PA							
CBD Class A	7.75%	10.25%	50	↑	1.00%	3.80%	$0.35
CBD Class B	8.75%	11.25%	50	↑	1.00%	3.80%	$0.35
Suburban Class A	8.00%	10.25%	50	↑	1.00%	3.80%	$0.30
Suburban Class B	9.00%	11.25%	50	↑	1.00%	3.80%	$0.30
NEW YORK, NY (MANHATTAN & NEW YORK SUBURBS)							
CBD Class A	5.75%	7.00%	50	↓	3.00%	3.00%	$0.50
CBD Class B	6.25%	7.75%	50	↓	3.00%	3.00%	$0.50
Suburban Class A	7.75%	8.25%	50	↔	3.00%	3.00%	$0.50
Suburban Class B	8.25%	9.00%	50	↔	3.00%	3.00%	$0.50
NEW YORK CITY BOROUGHS							
CBD Class A	7.75%	8.50%	50	↔	3.00%	3.00%	$0.50
CBD Class B	8.25%	9.00%	50	↔	3.00%	3.00%	$0.50
Suburban Class A	6.25%	7.00%	50	↔	3.00%	3.00%	$0.50
Suburban Class B	6.50%	7.25%	50	↔	3.00%	3.00%	$0.50
NORTHERN NEW JERSEY							
CBD Class A	7.75%	8.25%	50	↔	3.00%	3.00%	$0.20
CBD Class B	8.75%	9.00%	50	↔	3.00%	3.00%	$0.20
Suburban Class A	8.50%	9.00%	50	↔	3.00%	3.00%	$0.20
Suburban Class B	9.00%	9.50%	50	↔	3.00%	3.00%	$0.20
PHILADELPHIA, PA							
CBD Class A	8.75%	9.75%	50	↑	0.00%	3.00%	$0.20
CBD Class B	10.25%	11.25%	50	↑	0.00%	3.00%	$0.20
Suburban Class A	8.75%	9.75%	50	↔	1.00%	3.00%	$0.20
Suburban Class B	10.25%	11.25%	50	↔	1.00%	3.00%	$0.20



OFFICE 1Q 2026 National Rates Comparisone - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
PITTSBURGH, PA							
CBD Class A	8.50%	10.00%	50	↔	2.00%	3.00%	$0.20
CBD Class B	9.75%	11.00%	50	↔	2.00%	3.00%	$0.20
Suburban Class A	8.75%	10.25%	50	↔	2.00%	3.00%	$0.20
Suburban Class B	9.75%	11.00%	50	↔	2.00%	3.00%	$0.20
SOUTHERN NEW JERSEY							
Suburban Class A	8.75%	10.25%	50	↔	0.00%	3.00%	$0.20
Suburban Class B	9.50%	10.75%	50	↔	0.00%	3.00%	$0.20
UPSTATE NEW YORK							
CBD Class A	9.25%	9.75%	30	↔	2.00%	3.00%	$0.25
CBD Class B	9.75%	10.25%	30	↔	2.00%	3.00%	$0.25
Suburban Class A	8.50%	9.25%	50	↔	2.00%	3.00%	$0.20
Suburban Class B	9.25%	9.75%	50	↔	2.00%	3.00%	$0.20
WASHINGTON, DC							
CBD Class A	7.00%	8.00%	25	↑	0.00%	3.00%	$0.25
CBD Class B	8.50%	10.00%	25	↑	0.00%	3.00%	$0.25
Suburban Class A	9.00%	10.25%	25	↑	0.00%	3.00%	$0.25
Suburban Class B	10.25%	11.50%	25	↑	0.00%	3.00%	$0.25
WILMINGTON, DE							
CBD Class A	9.25%	10.50%	50	↔	1.50%	3.00%	$0.25
CBD Class B	11.25%	12.50%	50	↔	1.50%	3.00%	$0.25
Suburban Class A	8.50%	10.00%	50	↔	2.50%	3.00%	$0.25
Suburban Class B	10.75%	12.50%	50	↔	2.50%	3.00%	$0.25

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



OFFICE 1Q 2026 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
MEXICO CITY							
CBD Class A	8.00%	10.25%	25	↔	4.00%	4.00%	$0.25
CBD Class B	9.25%	11.25%	25	↔	4.00%	4.00%	$0.25
Suburban Class A	8.75%	10.75%	25	↔	4.00%	4.00%	$0.25
Suburban Class B	9.75%	11.75%	25	↔	4.00%	4.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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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New home sales slipped to a three-year low in 2025, while existing home sales or resales remained at a near 30-year low at year end. Higher than anticipated mortgage rates, and sluggish consumer sentiment kept many would-be buyers on the sidelines. Builder-offered incentives were of greater value and more widespread across most metro areas.

In 2025, we saw a nationwide continuation of an incentive-based home buying environment for new home communities, as incentives rose from their 2025 levels. Despite an increase in incentives, new home sales slipped, and resales remained at 30-year lows. Incentives will remain for the majority of 2026 in most markets, and consumer confidence and mortgage interest rates will be top-of-mind to would-be homebuyers. According to ResiClub's December 2025 survey, 21 firms believed mortgage rates would average approximately 6.2% through 2026, with estimates ranging from 5.75%-6.6%. Rates briefly dipped below 6% on a 30-year fixed mortgage during the first full week of the year but have since risen to 6.25%.

Zonda reported a slight increase in overall market performance from 2024 to 2025, with the overall U.S. housing market rated as "average", up from "slightly underperforming" in 2024. Several metro areas continue to significantly outperform in the Southeast, including all major metros in South Carolina (Greenville, Columbia, Myrtle Beach, and Charleston). Other prior bright spots like Atlanta, Nashville, Orlando and Naples have shifted to slightly underperforming. The majority of the major Florida metro markets ended 2025 with average or slightly underperforming grades.

As of January 2026, the average 30-year national mortgage rate stood at 6.25%, down 66 basis points from January 2025. Experts previously projected three Fed rate cuts through 2025, which did materialize, in September through December, which was later than anticipated. Policy uncertainty at the local, national and global level will also weigh on consumer sentiment and homebuying decisions moving into 2026, and affordability will remain a top concern.

Overall, builders are well-positioned with land, lots, labor and capacity moving into 2026, and will be able to ramp up production quickly to meet the increased demand forecasted for 2026. Forecasted starts and new home sales are projected to be generally in line with 2025, possibly higher.



Residential Build-for-Rent

Nick Lukacs
Executive Vice President
Specialty Practice Leader - Residential Build-for-Rent
Valuation & Advisory

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 7.1M rentable square feet.



Demand for rental housing remains strong nationwide, as the math for rent vs. own continues to favor renting. On average, the cost of homeownership is approximately 39% higher than renting in a BTR community. New deliveries of BTR communities remained down from their peak of 2022 and 2023, and overall occupancy of stabilized communities remained strong nationally at 95%. Policy surrounding BTR/SFR market is the major elephant in the room for 2026, as the administration seeks to limit large scale investors in the housing market.

A driving demand force within the BTR space continues to be the monthly rent-to-own comparison, with renting continuing to be a cheaper option than owning in most major metros. Markets like Salt Lake City, Austin, San Diego, Denver, and Charleston have among the highest spread in monthly cost between owning a home and renting, while other large BTR markets like Atlanta, Houston, Dallas, and Tampa have a smaller gap between the two.

As a whole, BTR tenants are proving to be "stickier" than their traditional apartment counterparts, with national turnover rates generally ranging from 35% to 40% annually, approximately 10% lower than traditional apartment renters. John Burns Research & Consulting (JBREC) reports that nearly 60% of BTR tenants nationwide remain in their home for at least 3 years. This typically leads to strong asking rent appreciation, as well as reduced costs associated with turnover and marketing.

Asking rent changes nationwide in BTR communities were generally flat, with JBREC projecting annual rent growth for BTR of 2% - 3.5% over the next three years. Undersupplied markets in the Sunbelt and Southeast should continue to lead the charge in rent appreciation through 2026 and beyond.

2025 saw a continuation of the quieter investments sales market of 2024, although bright spots like Atlanta saw an uptick in institutional investment in BTR communities, with stabilized prices in the mid-to-high $300,000's, and pro-forma cap rates in the low 5% range. Investors appear to be settling in with recent Fed rate cuts and are aligned with the future cost of capital. Moving into 2026, most owners and brokers surveyed noted that cap rates are forecasted to remain steady or decrease slightly in most markets, with anticipated pro-forma going-in cap rates projected to range from 5% - 5.75% in A-rated metros.

The January 2026 executive order signed by President Trump that seeks to ban "Wall Street investors" from buying single-family homes sent a shockwave through the industry. However, there is still significant uncertainty in how the administration intends to classify "large institutional investors". There is a perceived carve-out in the executive order specifically for BTR communities, calling for "narrowly tailored exceptions for build-for-rent properties that are planned, permitted, financed, and constructed as rental communities." The recent announcement of Invitation Homes's intent to purchase Atlanta-based ResiBuilt Homes is likely a reaction to this type of legislation. The merger will allow Invitation Homes to control BTR housing from the ground up through ResiBuilt's robust, in-place pipeline of communities and experience with building and management of BTR housing.



Retail & Regional Malls

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The 2026 outlook for retail is characterized by a steady, but bifurcated landscape where high-quality, top-tier assets prosper as lower-tier, secondary properties lag. Retailers continue to seek the best space, driving vacancies to near-record lows, with AI integration, customer experience and mixed-use projects becoming essential for success.

— This two-tiered market is becoming more pronounced, not just for regional malls, but also grocery-anchored strips. Well-located, good quality assets remain favorable to investors. and tenants alike, while secondary and tertiary locations provide negotiation leverage for buyers and tenants. Market participants have also become more cautious about assets with functional obsolescence, or tenant rollover risk.

— A significant divide persists in the mall sector, with high-quality Class A centers. maintaining strong occupancies and foot traffic while Class B and C-rated malls struggle. Many malls are pivoting toward a mix of experiential and service-oriented tenants, including health and fitness.

RETAIL 1Q 2026 National Rates Comparison	Going-In Cap Rate	Change from Midyear 2025	Change from 1Q 2025	Change from Midyear 2024	Discount Rate	Change from Midyear 2025 (bps)	Change from 1Q 2025 (bps)	Change from Midyear 2024 (bps)	Reversion Rate (BPS over Going-In Cap)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replace-ments
WEST REGION												
Grocery Anchor Strip Class A	5.98%	-13	-19	-19	7.35%	-17	-25	-33	44	2.92%	3.00%	$0.20
Grocery Anchor Strip Class B	6.52%	-4	-8	-17	7.94%	-8	-17	-23	44	2.92%	3.00%	$0.20
Unanchored Strip Class A	6.41%	-19	-25	-25	7.86%	-15	-29	-40	48	2.82%	3.00%	$0.20
Unanchored Strip Class B	6.91%	-15	-21	-17	8.34%	-10	-15	-33	48	2.82%	3.00%	$0.20
CENTRAL REGION												
Grocery Anchor Strip Class A	6.78%	-20	-15	-15	7.78%	-20	-15	-15	50	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.73%	-20	-20	-20	8.78%	-15	-15	-15	50	3.00%	3.00%	$0.25
Unanchored Strip Class A	7.68%	-23	-15	-20	9.00%	-20	-13	-8	50	2.70%	3.00%	$0.25
Unanchored Strip Class B	8.50%	-20	-13	-23	9.73%	-23	-15	-15	50	2.70%	3.00%	$0.25
SOUTH REGION												
Grocery Anchor Strip Class A	6.46%	-8	-15	-38	7.69%	-15	-27	-37	50	2.69%	2.96%	$0.25
Grocery Anchor Strip Class B	7.02%	-27	-46	-50	8.23%	-35	-46	-53	50	2.69%	2.96%	$0.25
Unanchored Strip Class A	7.15%	-13	-17	-40	8.23%	-17	-25	-54	50	2.69%	2.96%	$0.25
Unanchored Strip Class B	7.65%	-29	-29	-46	8.88%	-35	-40	-50	50	2.69%	2.96%	$0.25
EAST REGION												
Grocery Anchor Strip Class A	6.67%	-10	-10	-21	8.04%	2	4	-2	46	2.91%	3.05%	$0.25
Grocery Anchor Strip Class B	7.27%	-10	-15	-23	8.67%	2	4	-8	46	2.91%	3.05%	$0.25
Unanchored Strip Class A	7.25%	-8	-10	-25	8.65%	4	4	-2	50	2.78%	3.05%	$0.25
Unanchored Strip Class B	7.90%	-13	-8	-27	9.23%	4	2	-6	50	2.78%	3.05%	$0.25
UNITED STATES												
Grocery Anchor Strip Class A	6.46%	-12	-15	-24	7.71%	-12	-16	-22	47	2.87%	3.00%	$0.20
Grocery Anchor Strip Class B	7.11%	-15	-23	-28	8.38%	-14	-19	-26	47	2.87%	3.00%	$0.20
Unanchored Strip Class A	7.11%	-15	-17	-28	8.42%	-12	-16	-27	49	2.75%	3.00%	$0.20
Unanchored Strip Class B	7.72%	-19	-18	-29	9.03%	-16	-18	-27	49	2.75%	3.00%	$0.20
MEXICO												
Grocery Anchor Strip Class A	8.50%	25	25	50	10.50%	-25	-50	0	25	4.00%	4.00%	$0.25
Grocery Anchor Strip Class B	10.00%	50	50	50	12.00%	50	25	0	25	4.00%	4.00%	$0.25
Unanchored Strip Class A	9.50%	50	50	100	12.50%	50	50	50	25	4.00%	4.00%	$0.25
Unanchored Strip Class B	10.50%	50	50	100	13.50%	50	50	100	25	4.00%	4.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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%.

— The retail sector faces constrained supply, with limited new construction resulting from high costs and a lack of available land. In turn, occupancy has been steady, with rent growth seen in most markets. Fourth quarter 2025 absorption was solid after negative trends earlier in the year, which could be a sign that the fallout from store closures in late-2024 and early-2025 are waning.

— Talk of an AI bubble may be prevalent, but for retail, the expectation is for sustained demand, as companies integrate practical and sustainable applications that will transform how retail businesses operate and engage with customers. AI is becoming essential for inventory management and customer engagement, delivering unmatched personalization and operational efficiency.

— For the coming year, risk factors like high consumer debt levels and macroeconomic uncertainty should be considered. That said, retail is structurally healthier than other property types. Despite more anticipated store closures, the retail sector is expected to remain resilient during 2026, supported by constrained supply and consumer demand for experiential and necessity-based uses.

RETAIL 1Q 2026 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
DENVER, CO							
Grocery Anchor Strip Class A	6.00%	7.50%	25	↔	2.00%	3.00%	$0.35
Grocery Anchor Strip Class B	6.50%	8.00%	25	↔	2.00%	3.00%	$0.35
Unanchored Strip Class A	6.75%	8.25%	25	↔	2.00%	3.00%	$0.35
Unanchored Strip Class B	7.25%	8.75%	25	↔	2.00%	3.00%	$0.35
IRVINE/ORANGE, CA							
Grocery Anchor Strip Class A	5.50%	7.00%	50	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	6.00%	7.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	6.00%	7.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	6.50%	8.00%	50	↔	3.00%	3.00%	$0.20
LAS VEGAS, NV							
Grocery Anchor Strip Class A	6.25%	7.50%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	6.50%	7.75%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	6.50%	7.00%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class B	6.75%	7.25%	50	↓	3.00%	3.00%	$0.20
LOS ANGELES, CA							
Grocery Anchor Strip Class A	5.50%	7.00%	50	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	6.00%	7.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	6.00%	7.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	6.50%	8.00%	50	↔	3.00%	3.00%	$0.20
PHOENIX, AZ							
Grocery Anchor Strip Class A	6.25%	7.25%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	6.75%	7.75%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	6.50%	7.50%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class B	7.00%	8.00%	50	↓	3.00%	3.00%	$0.20
PORTLAND, OR							
Grocery Anchor Strip Class A	6.00%	7.50%	25	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	6.50%	8.00%	25	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	6.25%	8.00%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	6.75%	8.50%	50	↔	3.00%	3.00%	$0.20





RETAIL 1Q 2026 National Rates Comparison - West	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
RENO, NV							
Grocery Anchor Strip Class A	6.75%	8.25%	75	↔	4.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.00%	8.75%	75	↔	4.00%	3.00%	$0.20
Unanchored Strip Class A	7.00%	9.00%	75	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	7.00%	9.25%	75	↔	3.00%	3.00%	$0.20
SACRAMENTO, CA							
Grocery Anchor Strip Class A	6.25%	7.75%	50	↓	2.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.00%	8.50%	50	↓	2.00%	3.00%	$0.25
Unanchored Strip Class A	7.00%	8.25%	50	↔	2.00%	3.00%	$0.25
Unanchored Strip Class B	7.50%	9.00%	50	↔	2.00%	3.00%	$0.25
SALT LAKE CITY, UT							
Grocery Anchor Strip Class A	6.00%	8.00%	25	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	6.50%	8.50%	25	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	6.50%	8.00%	25	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	7.00%	8.50%	25	↔	3.00%	3.00%	$0.25
SAN FRANCISCO, CA							
Grocery Anchor Strip Class A	5.50%	6.50%	50	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	3.00%	3.00%	$0.20
SEATTLE, WA							
Grocery Anchor Strip Class A	6.00%	7.50%	25	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	6.50%	8.00%	25	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	6.00%	8.00%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	6.75%	8.50%	50	↔	3.00%	3.00%	$0.20
SILICON VALLEY/SAN JOSE, CA							
Grocery Anchor Strip Class A	5.75%	6.50%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	6.00%	7.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	7.00%	8.00%	50	↔	3.00%	3.00%	$0.20



RETAIL 1Q 2026 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
CHICAGO, IL							
Grocery Anchor Strip Class A	6.25%	7.25%	50	↓	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.25%	8.25%	50	↓	3.00%	3.00%	$0.25
Unanchored Strip Class A	7.00%	8.00%	50	↓	3.00%	3.00%	$0.25
Unanchored Strip Class B	7.75%	8.75%	50	↓	3.00%	3.00%	$0.25
CINCINNATI, OH							
Grocery Anchor Strip Class A	6.75%	7.75%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.75%	8.75%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	8.00%	9.75%	50	↓	2.50%	3.00%	$0.20
Unanchored Strip Class B	8.75%	10.50%	50	↓	2.50%	3.00%	$0.20
CLEVELAND, OH							
Grocery Anchor Strip Class A	6.75%	7.75%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.75%	8.75%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	8.00%	9.75%	50	↓	2.50%	3.00%	$0.20
Unanchored Strip Class B	8.75%	10.50%	50	↓	2.50%	3.00%	$0.20
COLUMBUS, OH							
Grocery Anchor Strip Class A	6.75%	7.75%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.75%	8.75%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	8.00%	9.75%	50	↓	2.50%	3.00%	$0.20
Unanchored Strip Class B	8.75%	10.50%	50	↓	2.50%	3.00%	$0.20
DETROIT, MI							
Grocery Anchor Strip Class A	7.00%	8.00%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.75%	9.00%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	8.00%	9.00%	50	↓	2.50%	3.00%	$0.20
Unanchored Strip Class B	9.00%	10.00%	50	↓	2.50%	3.00%	$0.20



RETAIL 1Q 2026 National Rates Comparison - Central	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
GRAND RAPIDS, MI							
Grocery Anchor Strip Class A	7.00%	8.00%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.75%	9.00%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	8.00%	9.00%	50	↓	2.50%	3.00%	$0.20
Unanchored Strip Class B	9.00%	10.00%	50	↓	2.50%	3.00%	$0.20
INDIANAPOLIS, IN							
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	7.50%	9.50%	50	↔	2.50%	3.00%	$0.20
Unanchored Strip Class B	8.50%	10.00%	50	↔	2.50%	3.00%	$0.20
KANSAS CITY, MO							
Grocery Anchor Strip Class A	7.00%	8.00%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	7.50%	8.50%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	8.25%	9.00%	50	↔	3.00%	3.00%	$0.25
MINNEAPOLIS, MN							
Grocery Anchor Strip Class A	6.50%	7.50%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.50%	8.50%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	7.00%	8.00%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class B	7.75%	8.75%	50	↓	3.00%	3.00%	$0.20
ST. LOUIS. MO							
Grocery Anchor Strip Class A	7.25%	8.25%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	8.25%	9.25%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	7.75%	8.75%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	8.50%	9.25%	50	↔	3.00%	3.00%	$0.25

RETAIL 1Q 2026 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
ARKANSAS							
Grocery Anchor Strip Class A	6.50%	8.00%	50	↔	2.50%	2.50%	$0.25
Grocery Anchor Strip Class B	7.00%	9.00%	50	↔	2.50%	2.50%	$0.25
Unanchored Strip Class A	7.00%	8.00%	50	↔	2.50%	2.50%	$0.25
Unanchored Strip Class B	7.50%	9.50%	50	↔	2.50%	2.50%	$0.25
ATLANTA, GA							
Grocery Anchor Strip Class A	6.25%	7.50%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.00%	8.00%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	7.50%	8.50%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class B	8.00%	9.00%	50	↓	3.00%	3.00%	$0.20
AUSTIN, TX							
Grocery Anchor Strip Class A	7.00%	8.25%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.50%	8.75%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	6.75%	8.00%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	7.50%	8.75%	50	↔	3.00%	3.00%	$0.25
CHARLOTTE, NC							
Grocery Anchor Strip Class A	6.25%	7.75%	50	↓	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.25%	8.25%	50	↓	3.00%	3.00%	$0.25
Unanchored Strip Class A	7.50%	8.50%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	8.00%	9.00%	50	↔	3.00%	3.00%	$0.25
DALLAS, TX							
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.00%	3.00%	$0.25
Grocery Anchor Strip Class B	6.75%	7.75%	50	↔	2.00%	3.00%	$0.25
Unanchored Strip Class A	6.75%	7.75%	50	↔	2.00%	3.00%	$0.25
Unanchored Strip Class B	7.00%	8.00%	50	↔	2.00%	3.00%	$0.25
FORT WORTH, TX							
Grocery Anchor Strip Class A	6.75%	7.75%	50	↔	2.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.00%	8.00%	50	↔	2.00%	3.00%	$0.25
Unanchored Strip Class A	6.75%	7.75%	50	↔	2.00%	3.00%	$0.25
Unanchored Strip Class B	7.00%	8.00%	50	↔	2.00%	3.00%	$0.25
HOUSTON, TX							
Grocery Anchor Strip Class A	6.00%	7.00%	50	↓	3.00%	3.00%	$0.15
Grocery Anchor Strip Class B	6.50%	7.50%	50	↓	3.00%	3.00%	$0.15
Unanchored Strip Class A	7.00%	8.00%	50	↓	3.00%	3.00%	$0.15
Unanchored Strip Class B	7.50%	8.50%	50	↓	3.00%	3.00%	$0.15
MIAMI, FL							
Grocery Anchor Strip Class A	5.50%	7.00%	50	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	6.50%	7.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	7.00%	8.25%	50	↔	3.00%	3.00%	$0.20
NEW ORLEANS, LA							
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	2.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	2.00%	3.00%	$0.25
Unanchored Strip Class A	8.50%	9.50%	50	↔	2.00%	3.00%	$0.25
Unanchored Strip Class B	9.50%	10.50%	50	↔	2.00%	3.00%	$0.25

RETAIL 1Q 2026 National Rates Comparison - South	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
ORLANDO, FL							
Grocery Anchor Strip Class A	6.50%	8.00%	50	↓	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.00%	8.50%	50	↓	3.00%	3.00%	$0.20
Unanchored Strip Class A	7.50%	8.75%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	8.00%	9.50%	50	↔	3.00%	3.00%	$0.25
SAN ANTONIO, TX							
Grocery Anchor Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	6.75%	7.75%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	6.50%	7.50%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	6.75%	7.75%	50	↔	3.00%	3.00%	$0.25
TAMPA, FL							
Grocery Anchor Strip Class A	6.50%	8.00%	50	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.00%	8.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	7.00%	8.50%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	7.75%	9.25%	50	↔	3.00%	3.00%	$0.20
TULSA/OKLAHOMA CITY, OK							
Grocery Anchor Strip Class A	7.25%	8.25%	50	↔	2.50%	3.00%	$0.25
Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	2.50%	3.00%	$0.25
Unanchored Strip Class A	7.75%	8.75%	50	↔	2.50%	3.00%	$0.25
Unanchored Strip Class B	8.00%	9.50%	50	↔	2.50%	3.00%	$0.25



RETAIL 1Q 2026 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
BALTIMORE, MD							
Grocery Anchor Strip Class A	6.50%	7.75%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.50%	8.50%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	6.75%	7.75%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	7.25%	9.00%	50	↔	3.00%	3.00%	$0.25
BOSTON, MA							
Grocery Anchor Strip Class A	6.25%	8.00%	25	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	6.75%	9.00%	25	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	7.75%	8.50%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	8.25%	9.00%	50	↔	3.00%	3.00%	$0.25

RETAIL 1Q 2026 National Rates Comparison - East	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
LEHIGH VALLEY, PA							
Grocery Anchor Strip Class A	6.25%	9.25%	25	↔	3.90%	3.60%	$0.20
Grocery Anchor Strip Class B	6.75%	9.75%	25	↔	3.90%	3.60%	$0.20
Unanchored Strip Class A	6.75%	9.75%	50	↑	2.30%	3.60%	$0.25
Unanchored Strip Class B	7.25%	10.25%	50	↑	2.30%	3.60%	$0.25
NEW YORK CITY BOROUGHS							
Grocery Anchor Strip Class A	6.00%	6.75%	50	↔	3.00%	3.00%	$0.50
Grocery Anchor Strip Class B	6.25%	7.00%	50	↔	3.00%	3.00%	$0.50
Unanchored Strip Class A	6.00%	7.00%	50	↔	3.00%	3.00%	$0.50
Unanchored Strip Class B	6.50%	7.50%	50	↔	3.00%	3.00%	$0.50
NORTHERN NEW JERSEY							
Grocery Anchor Strip Class A	7.00%	7.50%	50	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.25%	8.00%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	8.00%	9.00%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	9.00%	9.50%	50	↔	3.00%	3.00%	$0.20
PHILADELPHIA, PA							
Grocery Anchor Strip Class A	6.75%	8.25%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.25%	8.75%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	7.25%	8.75%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	7.75%	9.25%	50	↔	3.00%	3.00%	$0.25
PITTSBURGH, PA							
Grocery Anchor Strip Class A	7.00%	8.50%	50	↔	2.00%	3.00%	$0.20
Grocery Anchor Strip Class B	8.00%	9.00%	50	↔	2.00%	3.00%	$0.20
Unanchored Strip Class A	7.50%	9.00%	50	↔	2.00%	3.00%	$0.20
Unanchored Strip Class B	8.50%	10.00%	50	↔	2.00%	3.00%	$0.20
SOUTHERN NEW JERSEY							
Grocery Anchor Strip Class A	6.75%	8.00%	50	↔	3.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.00%	8.25%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class A	7.50%	8.75%	50	↔	3.00%	3.00%	$0.20
Unanchored Strip Class B	8.00%	9.25%	50	↔	3.00%	3.00%	$0.20
UPSTATE NEW YORK							
Grocery Anchor Strip Class A	7.25%	8.50%	50	↔	2.00%	3.00%	$0.20
Grocery Anchor Strip Class B	7.75%	9.00%	50	↔	2.00%	3.00%	$0.20
Unanchored Strip Class A	8.25%	9.50%	50	↔	2.00%	3.00%	$0.20
Unanchored Strip Class B	8.75%	9.50%	50	↔	2.00%	3.00%	$0.20
WASHINGTON DC							
Grocery Anchor Strip Class A	6.50%	7.75%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.50%	9.00%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	6.75%	8.00%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	7.25%	8.50%	50	↔	3.00%	3.00%	$0.25
WILMINGTON, DE							
Grocery Anchor Strip Class A	6.50%	8.00%	50	↔	3.00%	3.00%	$0.25
Grocery Anchor Strip Class B	7.25%	9.00%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class A	7.25%	9.25%	50	↔	3.00%	3.00%	$0.25
Unanchored Strip Class B	8.25%	10.00%	50	↔	3.00%	3.00%	$0.25

REGIONAL MALLS & SPECIALTY RETAIL 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Regional Malls, Class A	6.50%	7.50%	100	↓	3.00%	3.00%	$0.35
Regional Malls, Class B	12.00%	12.75%	75	↓	2.00%	3.00%	$0.30
Regional Malls, Class C	18.00%	18.75%	75	↓	2.00%	3.00%	$0.25
Power Centers, Tier 1	6.75%	7.50%	75	↓	3.00%	3.00%	$0.25
Power Centers, Tier 2	7.50%	8.50%	100	↔	2.00%	3.00%	$0.20
Power Centers, Tier 3	9.00%	10.00%	100	↔	2.00%	3.00%	$0.20
Lifestyle Centers, Tier 1	7.00%	8.00%	100	↓	3.00%	3.00%	$0.35
Lifestyle Centers, Tier 2	9.00%	10.00%	100	↔	2.00%	3.00%	$0.30
Lifestyle Centers, Tier 3	14.00%	15.25%	125	↔	2.00%	3.00%	$0.30
Single Tenant Retail, Tier 1	6.50%	7.00%	50	↓	3.00%	3.00%	$0.25
Single Tenant Retail, Tier 2	7.50%	8.25%	75	↓	3.00%	3.00%	$0.25
Single Tenant Retail, Tier 3	8.50%	9.50%	100	↔	3.00%	3.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.

RETAIL 1Q 2026 International Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
MEXICO CITY							
Grocery Anchor Strip Class A	8.50%	10.50%	25	↔	4.00%	4.00%	$0.25
Grocery Anchor Strip Class B	10.00%	12.00%	25	↔	4.00%	4.00%	$0.25
Unanchored Strip Class A	9.50%	12.50%	25	↔	4.00%	4.00%	$0.25
Unanchored Strip Class B	10.50%	13.50%	25	↔	4.00%	4.00%	$0.25

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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.

Restaurants

Roger Land, MAI
Senior Managing Director
Specialty Practice Co-Leader - Restaurants
Valuation & Advisory

Brandon Moorhead, MAI
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Specialty Practice Co-Leader - Restaurants
Valuation & Advisory

The National Restaurant Association expects food service sales to reach $1.5 trillion in sales in 2025, a 4.0% increase from 2024 and 22.8% higher than in 2022, post COVID lockdowns.

Industry sales are now well above pre-COVID levels in nominal terms. 2024 sales slightly outpaced inflation, while 2025 sales are expected to do the same with a 0.3% real change projected. Even though menu inflation eased considerably in 2025, menu prices still rose faster than consumer spending.

Foot traffic and overall consumer spending in restaurants trended higher during much of 2025, however, after adjusting for menu price inflation, eating and drinking places saw a slight decline for 2025. Cost pressures have impacted pricing causing diners to order fewer things, or to share menu items. However, the share of restaurant spending within total retail and food sales remains over 18%, a figure well above the pre-pandemic high of 12.7%. One in ten jobs in America are in the restaurant industry. During 2025, eating and drinking places in total added nearly 150,000 jobs in 2025, up from 129,500 in 2024. Despite the improvements, 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 staffing, along with closing underperforming or outdated restaurants.

RESTAURANTS 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Quick Service Restaurant, Franchisor	5.50%	6.75%	25	↓	1.50%	2.00%	$0.00
Quick Service Restaurant, Franchisee	6.00%	7.50%	25	↓	1.50%	2.00%	$0.00

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 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.

Self Storage

Steve Johnson, MAI
Executive Vice President
Specialty Practice Co-Leader - Self Storage
Valuation & Advisory

R. Christian Sonne, CRE, MAI, FRICS
Executive Vice President
Specialty Practice Co-Leader - Self Storage
Valuation & Advisory

Self storage sector interest rates fell slightly in 2025 facilitating an increase in loan and overall transaction volume. Stagnation in the housing market continues to have a negative impact on self storage demand. Lower levels of self storage construction in 2026 paired with the possible slow unlocking of the housing market should allow the sector to stabilize and experience improved overall performance.

The tune sung for the past two years was that of hope for lower interest rates. While 30-year residential interest rates are approximately 2.0% below the 50-year average, mortgage amounts in whole dollars based on current home prices are largely disconnected from household incomes. With more than fifty percent of existing home loans at 4.0% or lower, those who hold such loans are not incentivized to sell. The storage industry partially relies upon household transition to maintain strong demand. With this demand factor missing, the industry has struggled to maintain and grow revenue.

When the same store performance of the five publicly traded storage REITs is averaged, it shows declines in year-over-year occupancy from mid-2022 through the end of 2025, dropping from (96.5% in 2Q22 to 91.6% in 3Q25. As a result, revenue declined as expenses increased, leading to negative year-over-year net income change each quarter since 4Q23.

The overall market does appear to be stabilizing slowly with asking rents trending upward slightly in recent months. Market participants have indicated that while progress is sluggish, there is a feeling that we have "turned a corner." Public Storage has been able to achieve near flat net income the past few quarters while Smart Stop has shown two quarters of positive net income growth in 2025. The remaining three REITs reported negative year-over-year net income change through third quarter 2025. With well-below average inventory being built, and assuming no other major changes in the broader market, the trend in 2026 should be that of continued market stabilization.

The coming months are anticipated to bring changes in leadership of the Federal Reserve. The current administration would like to see interest rates decline further. We continue to watch for the catalyst which will cause the housing market to transact again, as that has been the storage industry's missing demand link for the past two years.

Self storage continues to be an attractive long-term investment because it typically out-performs other asset classes, especially during inflationary and recessionary conditions.



SELF STORAGE 1Q 2026 National Rates Comparison	Going-In Cap Rate	Discount Rate	Reversion Rate (BPS Over Going-In Cap)	Expected Trend for Midyear 2026 (Cap/Disc Rates)	Market Rent Growth Rate	Expense Growth Rate	Reserves for Replacements
Self Storage, Class A	5.00%	7.00%	61	↔	3.50%	3.00%	1.00%
Self Storage, Class B	6.00%	8.00%	54	↔	3.50%	3.00%	1.00%
Self Storage, Class C	7.00%	9.00%	54	↔	3.50%	3.00%	1.00%

Source: These rates were compiled and submitted by Newmark V&A Market Leaders and Specialty Practice Directors based on market activity during December 2025 and January 2026 including sales and discussions with market participants and service professionals.



Merger & Acquisition Activity

Marc Shapiro, MAI, CRE
Senior Managing Director
Specialty Practice Leader - Financial Reporting
Valuation & Advisory

The U.S, mergers and acquisitions (M&A) market exited 2025 with clearer signs of recovery than a year ago, setting a stronger starting point for 2026. Multiple year-end market recaps point to a meaningful rebound in deal value in 2025 even as volume dynamics were more mixed, reflecting returning sponsor activity, improved financing windows, and greater board-level comfort for executing strategic combinations. At the same time, the Fed's late-October and December 2025 cuts helped reinforce expectations that the tightening cycle is no longer the central constraint on underwriting, even if borrowing costs remain well above the "easy money" era.

SECTORAL INSIGHTS

Real estate investors are cautiously optimistic as they enter 2026 but are still navigating a divided market. Assets with strong demand or high-quality tenants are selling more consistently, while challenged properties and/or those needing significant investment face wider price variation and lender scrutiny. Discussions around broader commercial real estate continue to emphasize improved pricing as rate volatility decreases and buyer/seller expectations align.

— Data center demand remains high, with the main constraints increasingly related to infrastructure, especially power availability, grid timelines and permitting. Industry research reports very low vacancy rates in primary markets with rapid supply additions, which attracts capital interest but also increases the risk of execution related to site and power procurement.

— In the fourth quarter of 2025, the core office property market performance is less about a broad recovery and more about a flight to quality with selective sales. Recent market discussions point to early signs of stabilization in pricing, with some measures showing the first year-over-year increases since 2022. However, there are still challenges and significant discounts in weaker assets or locations. Leasing activity related to AI and tech-driven demand and a preference for high-quality buildings supports top-tier properties, although vacancy rates remain high in many CBDs.

— For industrial properties, long-term fundamentals remain strong, but late-2025 and 2026 underwriting is taking a more cautious approach regarding trade policy and tariffs, costs for manufacturing inputs, and how occupiers will adjust to changing trade conditions. Forecasts expect demand to normalize, rather than a straightforward increase.

— Multifamily housing continues to benefit from affordability issues in the for-sale market, such as high homeownership costs, which supports rental demand even as supply becomes a challenge in some areas. Recent snapshots of the multifamily market show signs of stabilization as supply issues ease and investment activity grows alongside lower rates.

A PROMISING BACKDROP FOR CAPITAL DEPLOYMENT

Entering 2026, there is a promising backdrop for capital deployment. The setup is improving with rate cuts in late 2025, firmer underwriting assumptions, and a gradual narrowing of the bid-ask gap. These factors are helping transactions move from discussions to closings, particularly in sectors where fundamentals are easiest to defend. However, the opportunity landscape remains highly selective. Dealmakers are seeing positive results by concentrating on assets with clear demand factors, such as power and compute needs for data centers, tenant quality and location for offices, functional logistics for industrial properties, and sustainable household formation and affordability trends for multifamily housing. They are also structuring deals to directly tackle friction in capital markets, including seller financing, preferred equity, assumption strategies or phased capital plans.

CFO SENTIMENT AND CORPORATE EXPECTATIONS

The 4Q 2025 CFO sentiment survey results highlight a nuanced corporate outlook that affects M&A activity. Finance leaders continue to rank tariffs and trade policy as their top concern, projecting above-target price growth in 2026, as these factors can influence deal pricing, cost forecasts and cross-border strategic planning. At the same time, CFOs expect modest growth in GDP and employment, and broad increases in AI-related spending, particularly among larger firms. This indicates that many companies are positioning for operational improvements and technology-enabled growth. While optimism about the overall economy softened slightly during the quarter, firms remain focused on disciplined capital deployment, suggesting that dealmakers may gravitate toward targets with resilient demand drivers and clear productivity enhancements.



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

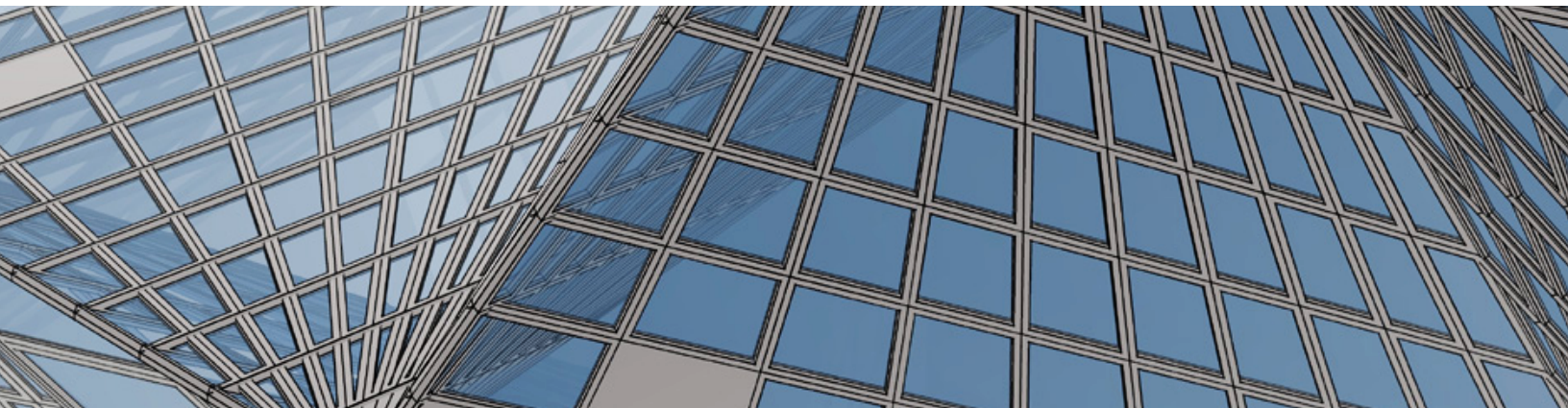
Assisted & Independent Living
Skilled Nursing
Memory Care Facilities
Continuing Care Retirement Communities (CCRC)
Hospitals
Medical Office Buildings
Surgical Centers
Long-Term Acute Care
Outpatient Healthcare Facilities

Hospitality, Gaming & Leisure

Hotels and Resorts
Gaming Facilities
Stadiums, Sports & Entertainment Facilities
Conference, Expo and Convention Centers
Golf Courses
Marinas
Ski and Village Resorts
Water Parks, Amusement Parks & Attractions

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
MHC, MHP & RV Park

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



UNITED STATES

ALABAMA
Birmingham

ARIZONA
Phoenix
Tucson

ARKANSAS
Fayetteville
Little Rock

CALIFORNIA
Irvine
Los Angeles
Pasadena
Roseville
Sacramento
San Francisco
San Jose
San Mateo

COLORADO
Denver

CONNECTICUT
Stamford

DELAWARE
Wilmington

WASHINGTON, D.C.

FLORIDA
Boca Raton
Jacksonville
Orlando
Tampa
West Palm Beach

GEORGIA
Atlanta

IDAHO
Boise

ILLINOIS
Chicago

INDIANA
Indianapolis

KANSAS
Overland Park

KENTUCKY
Louisville

LOUISIANA
New Orleans

MARYLAND
Baltimore
Salisbury

MASSACHUSETTS
Boston
Springfield

MICHIGAN
Detroit
Grand Rapids

MINNESOTA
Minneapolis

MISSOURI
Kansas City
Springfield
St. Louis

NEBRASKA
Omaha

NEVADA
Las Vegas
Reno

NEW JERSEY
Marlton
Morristown
Rutherford

NEW YORK
Albany
Buffalo / Amherst
Long Island
New York – HQ

NORTH CAROLINA
Charlotte
Raleigh

OHIO
Cincinnati
Cleveland
Columbus

OKLAHOMA
Oklahoma City

OREGON
Portland

PENNSYLVANIA
Philadelphia
Pittsburgh

TENNESSEE
Nashville

TEXAS
Austin
Dallas
Houston
San Antonio

UTAH
Salt Lake City

VERMONT
Burlington

VIRGINIA
Richmond
Tysons Corner

WASHINGTON
Seattle

WISCONSIN
Madison
Milwaukee

AMERICAS

CANADA
Calgary
Edmonton
Toronto
Vancouver

ARGENTINA
Buenos Aires

BRAZIL
São Paulo
Rio de Janeiro

CARIBBEAN

CHILE
Santiago

COLOMBIA
Bogota
Medellín
Cali
Cartagena
Barranquilla

COSTA RICA
San José
Guanacaste

MEXICO
Mexico City

PANAMA
Panama City

PERU
Lima

EMEA

BELGIUM

FRANCE

GERMANY

HUNGARY

IRELAND

ITALY

LUXEMBOURG

NORTH IRELAND

NETHERLANDS

NORDICS

POLAND
Warsaw

PORTUGAL

SWITZERLAND

SPAIN

UNITED KINGDOM
London
Birmingham
Cardiff
Glasgow
Leeds
Manchester

APAC

JAPAN
Tokyo

INDIA
Delhi
Hyderabad

SINGAPORE
Singapore

ISRAEL
Tel Aviv

UAE
Dubai