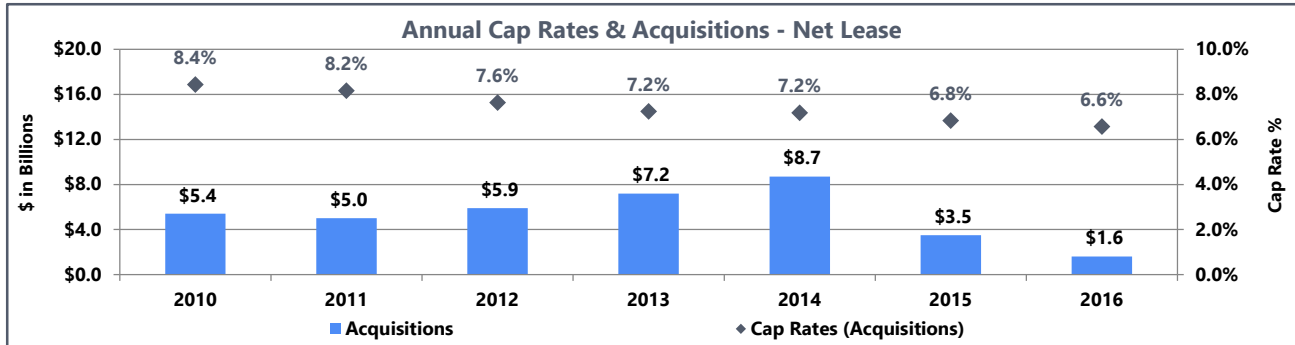
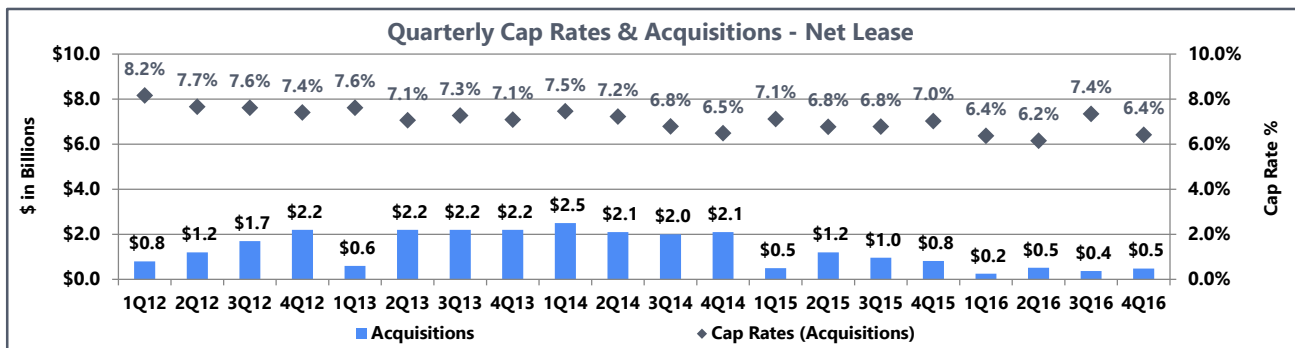


Non-Listed REIT Annual Cap Rates & Acquisitions - Net Lease



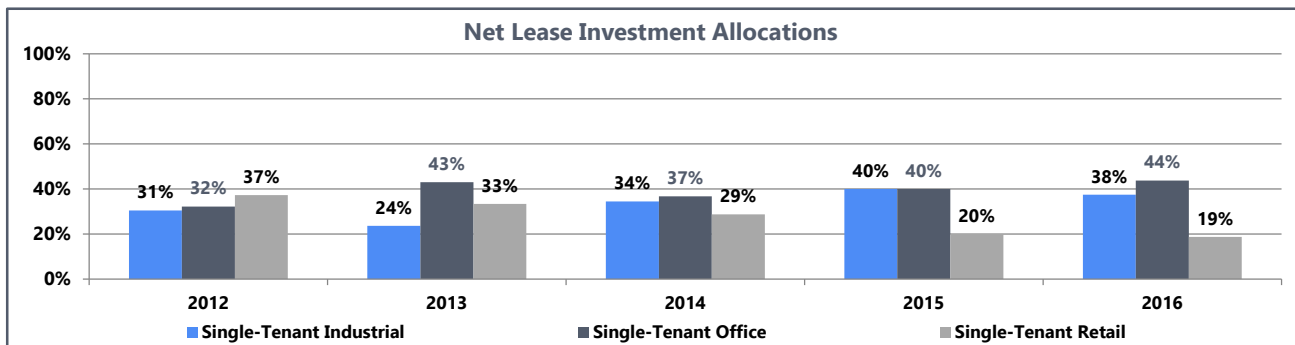
Net lease cap rates include single-tenant office, single-tenant industrial, and single-tenant retail. In 2016, net lease cap rates for non-listed REITs compressed for the seventh straight year. Net lease cap rates declined to a moderate 6.6% in 2016, which is now a 22% decline from net lease cap rates in 2010. With rising interest rates on permanent debt, cap rates should increase in 2017.

Non-Listed REIT Quarterly Cap Rates & Acquisitions - Net Lease



Tenant quality and lease term are two key factors that impact overall net lease cap rates. Net lease cap rates were 7.4% in 3Q16 due to a high cap rate on a large single-tenant industrial property with a short lease term. Net lease cap rates declined to 6.4% in 4Q16, which is consistent with net lease cap rates in first half 2016, due to lower cap rates on single-tenant office acquisitions.

Non-Listed REIT Net Lease Investment Allocations



Over the past five years, non-listed REIT net lease investments have been 39% single-tenant office, 33% single-tenant industrial, and 28% single-tenant retail. Single-tenant retail has declined as one major sponsor is out of the market and another struggles to raise capital. In 2016, single-tenant office had 6.6% cap rates, single-tenant industrial had 6.5%, and single-tenant retail had 6.7%.