

Crittenden National Real Estate
Conference

SMALL BALANCE MARKET TRENDS

Presented by:

Randy Fuchs, Principal/Co-Founder
Boxwood Means, LLC

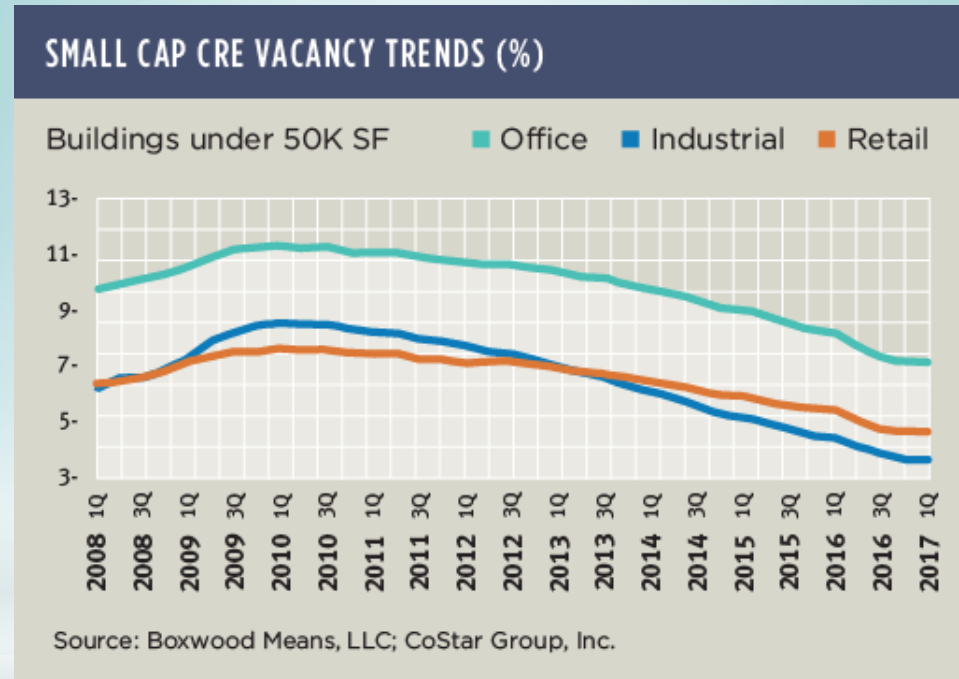
April 27, 2017

SmallBalance.com

POWERED BY BOXWOOD MEANS, LLC

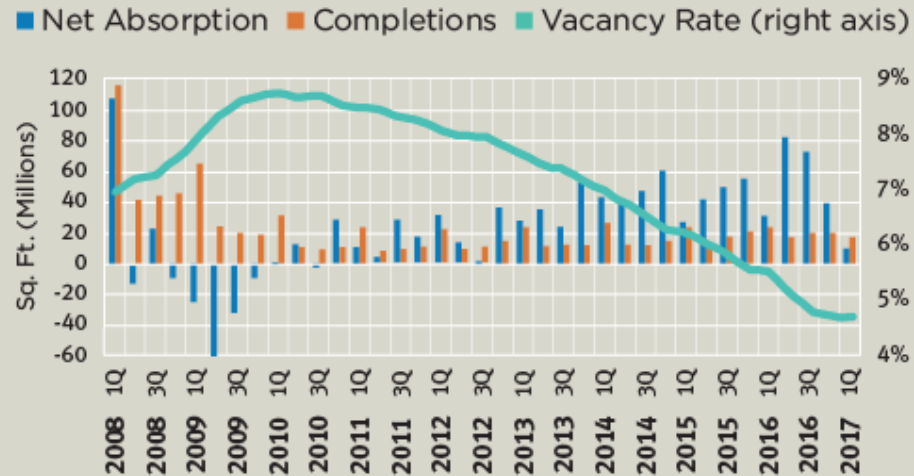
MARKET FUNDAMENTALS

COMMERCIAL VACANCIES AT ROCK BOTTOM



DEMAND TAKES A BREATHER

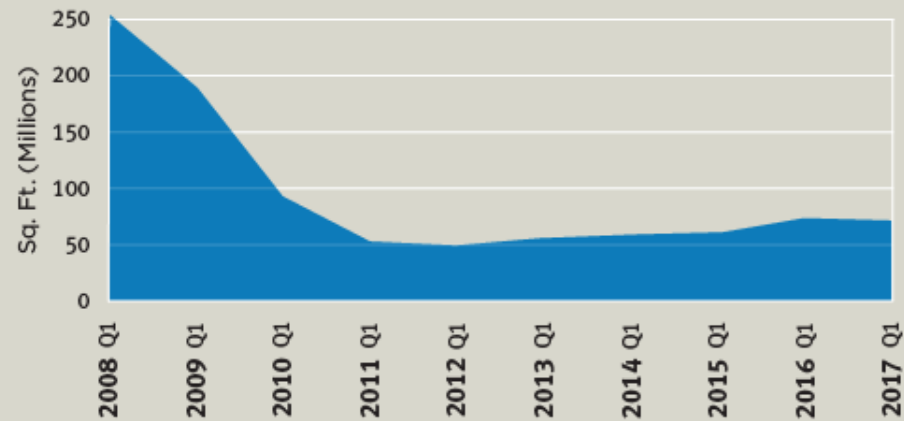
AGGREGATE SMALL CAP CRE LEASING TRENDS



Source: Boxwood Means, LLC; CoStar Group, Inc

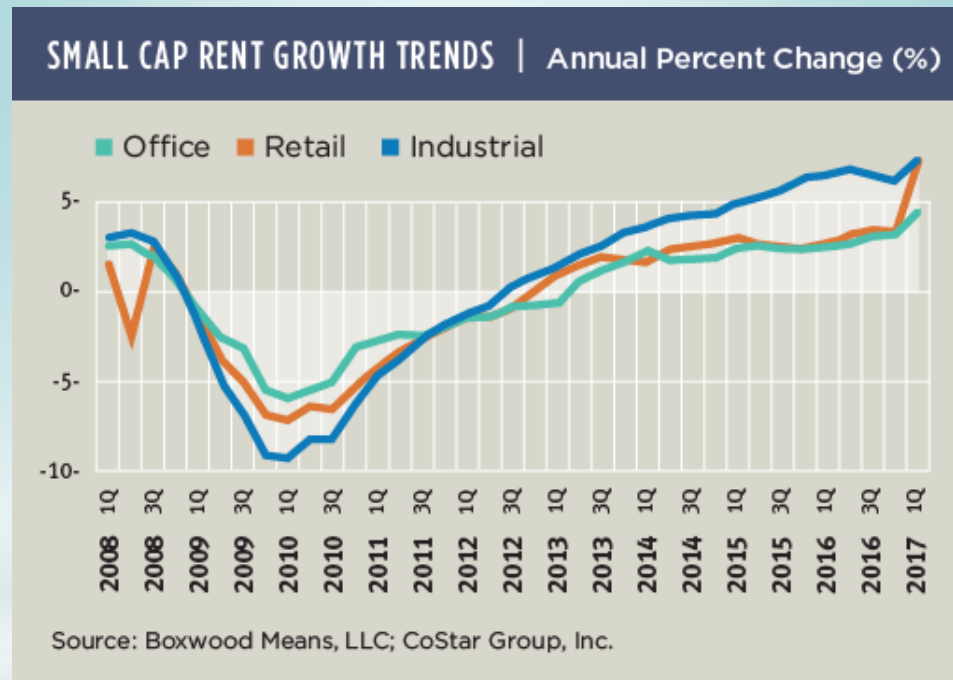
SUPPLY IS A NON-FACTOR

AGGREGATE SMALL CAP CONSTRUCTION COMPLETIONS

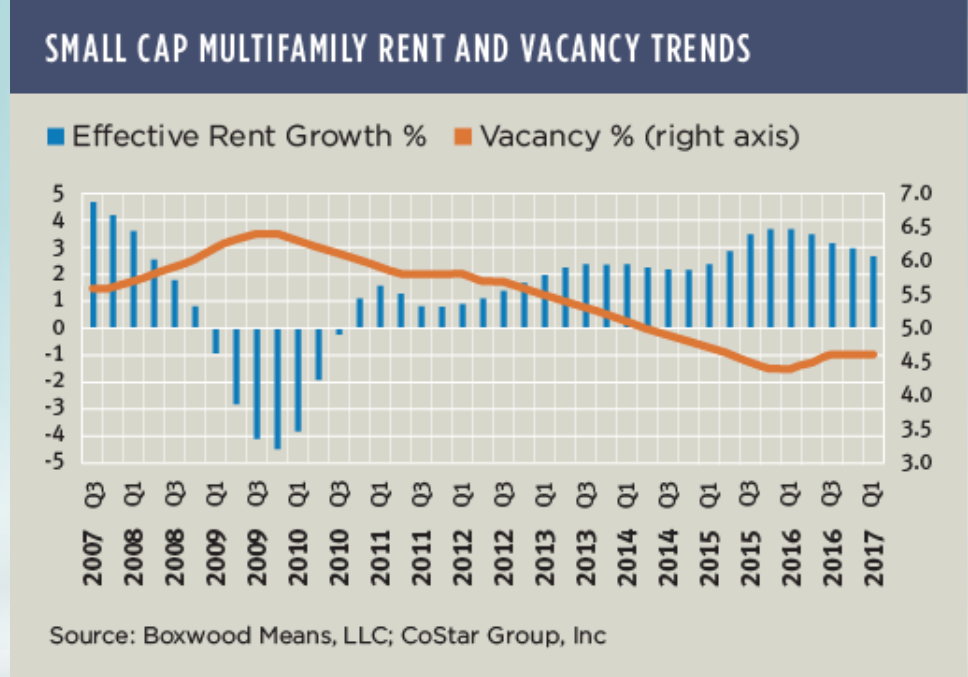


Source: Boxwood Means, LLC; CoStar Group, Inc

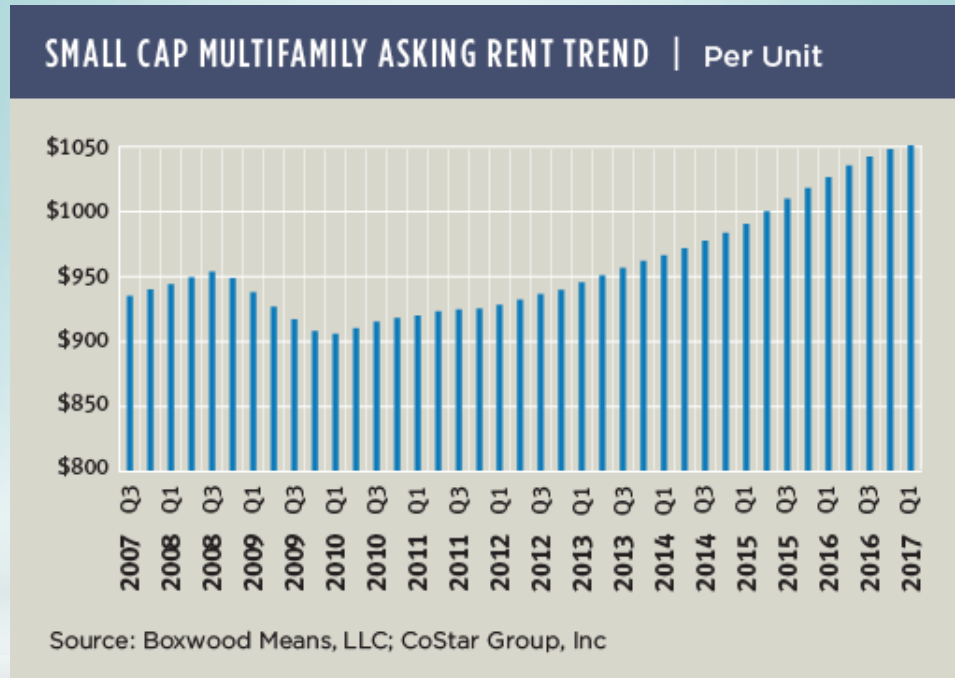
COMMERCIAL RENTS TAKE FLIGHT



MULTIFAMILY MARKET COMES BACK TO EARTH



MULTIFAMILY RENTS STILL RISING

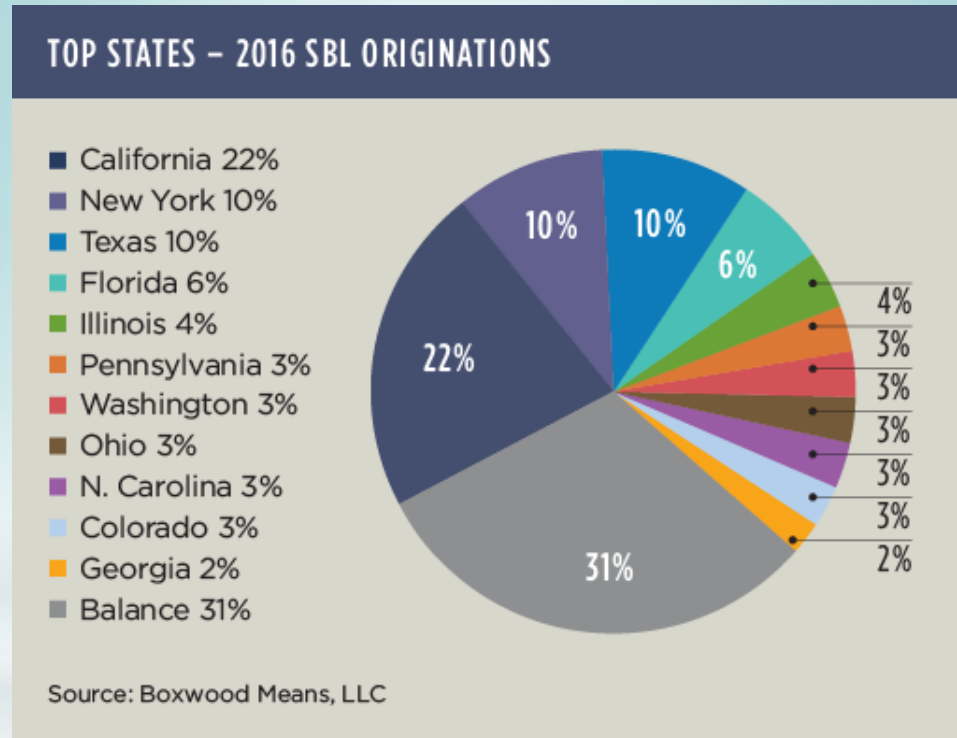


INVESTMENT MARKET TRENDS

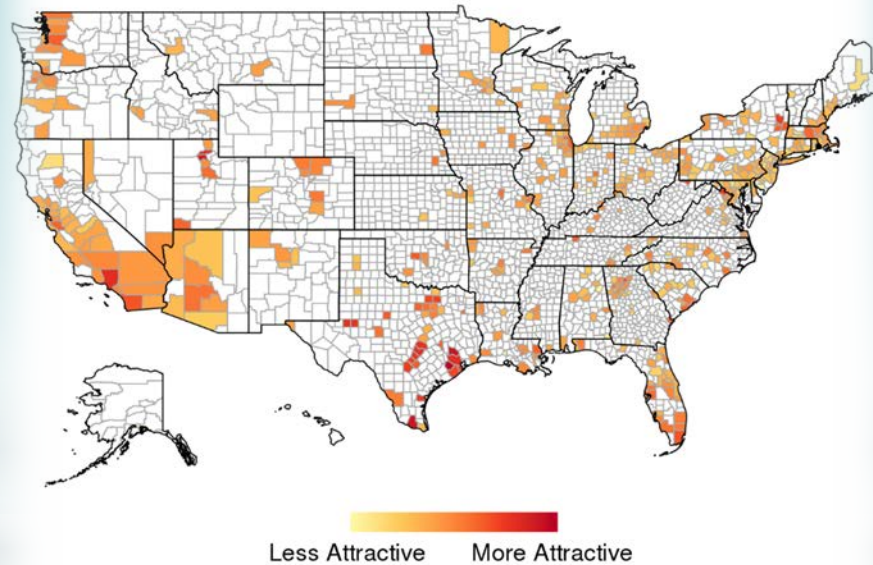
LOAN VOLUME: ABOUT AS GOOD AS IT GETS



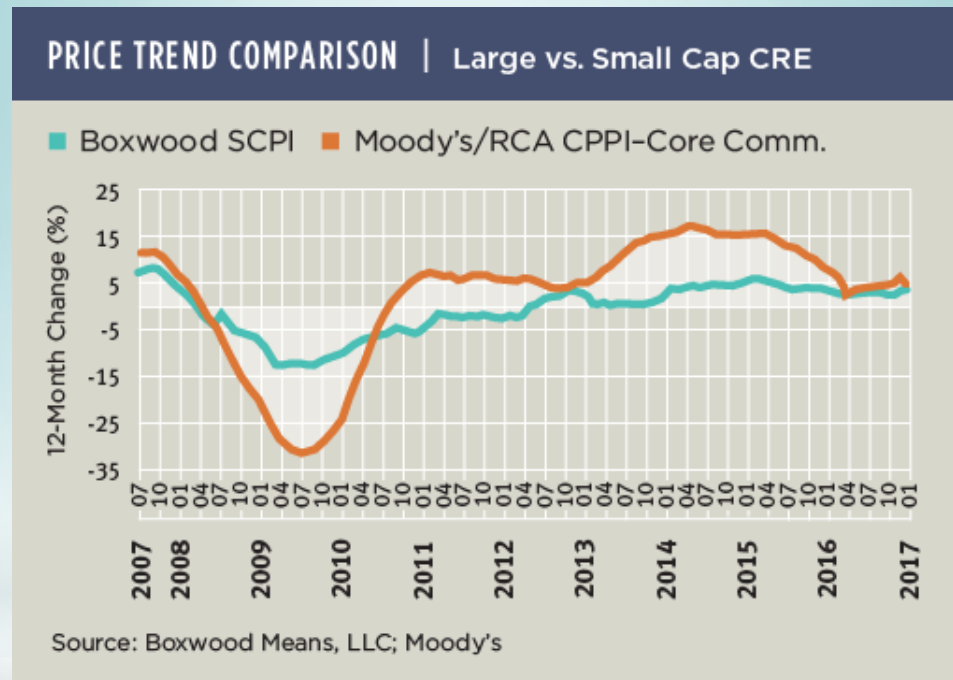
FIVE STATES = 50%+ OF MARKET



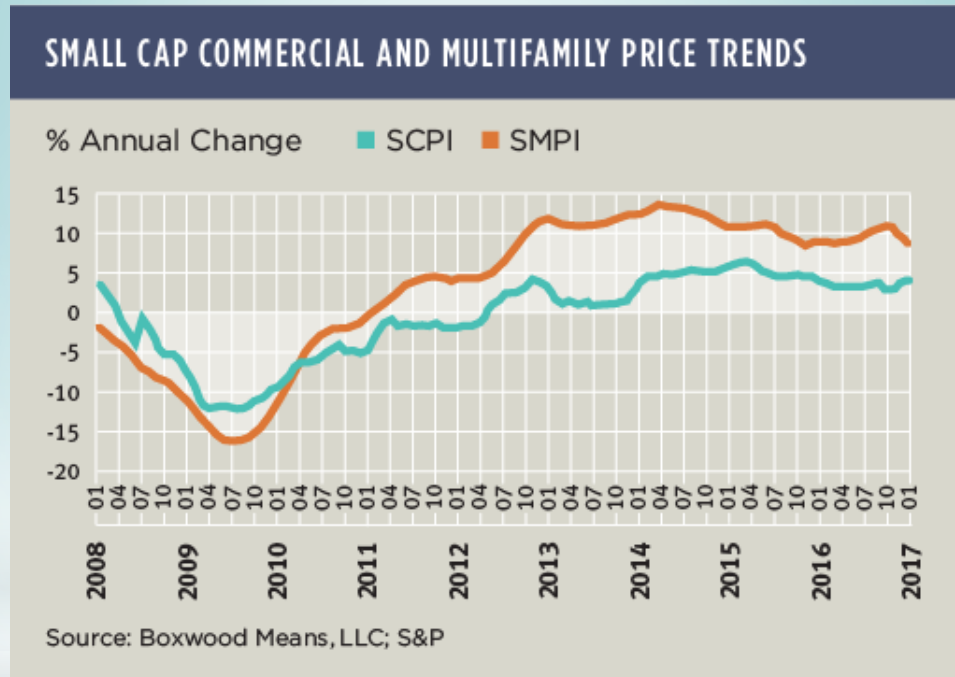
TOP SMALL BALANCE MARKETS



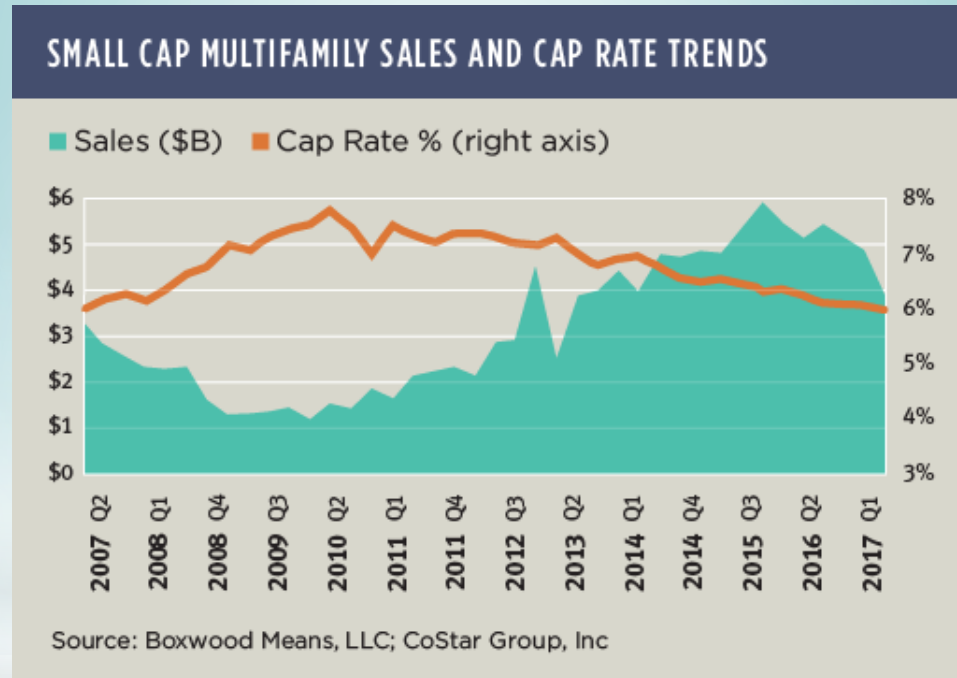
PRICES DECELERATE FOR LARGE CAPS



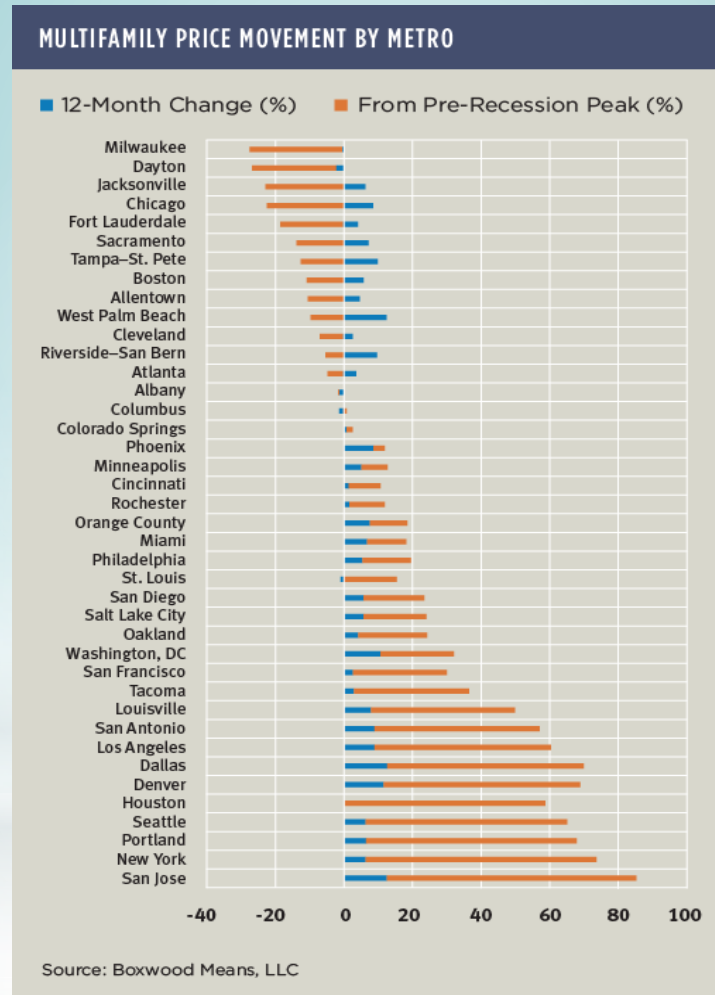
MULTIFAMILY PRICES HAVE OUTPERFORMED



MULTIFAMILY CAP RATES STABLE THOUGH SALES SOFTEN



MOST MULTIFAMILY MARKETS ABOVE PEAK



TAKEAWAYS

- ▶ Market fundamentals remain strong; supply and demand bear watching across all property types
- ▶ Industrial and multifamily markets will continue to outperform this year. Rent growth will slow but remain above long-term averages; vacancies are likely to remain flat
- ▶ Growth in small cap commercial price increases will likely stay in the 4% range this year and still bolster the loan refinance market; multifamily annual returns are likely to stay in the mid-to-high single digits
- ▶ Barring a breakdown in fundamentals, the outlook is another robust year for lending in the \$170-\$180 billion range



Thank you.

Come visit us at our ballroom
 foyer table and pick up our
 latest research report
 and/or
 info on our suite of small cap
 property valuation reports