Small Commercial and Multifamily Prices Indices

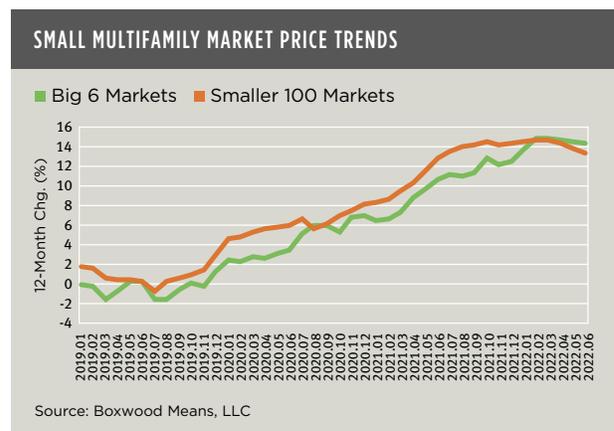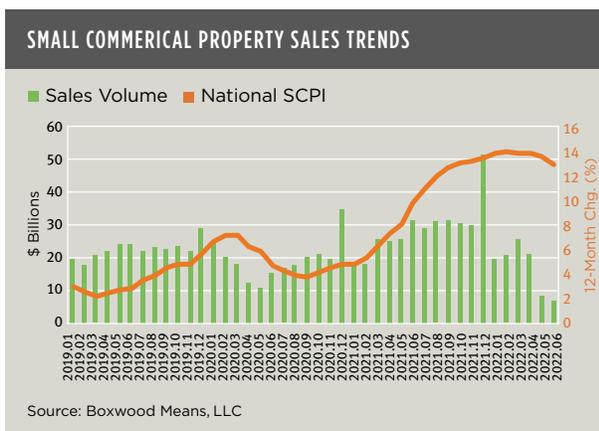## TRACK PROPERTY PRICE TRENDS ACROSS HUNDREDS OF U.S. CITIES

Overview

Boxwood is the leading research authority in the small-cap CRE market. We maintain a unique historical time series of Small Commercial Price Indices (SCPI) and Small Multifamily Price Indices (SMPI) covering many primary and secondary/tertiary cities across the United States. Commercial lenders typically employ these price indices and trends in their appraisal, credit/underwriting, and portfolio management activities.

Boxwood delineates the small-cap CRE market by commercial and multifamily property sales transactions under $5 million in value. Ranging from Tampa to Toledo and west to Tacoma, our indices track changes in property sales prices in 160 commercial and 100 multifamily markets. Available via annual subscription, the indices are updated on a monthly basis with a two-month lag.

Boxwood's SCPI and SMPI metrics mirror the diversity of the small-cap CRE market by combining arms-length, closed sales among various small commercial and multifamily (5+ units) property types that encompass conventional office, industrial and retail uses and also include secondary property types often associated with owner-users and single tenants such as free-standing buildings, street retail, mixed use, restaurant buildings, commercial condos and more.

The price indices underscore the distinct performance variation in pricing trends over time between the small-cap CRE domain and the larger investment-grade market. Because of its unique characteristics, Boxwood's metro and national indices offer lenders insight and contrast with other sources of CRE price indices that track the large-cap commercial market.

SMALL COMMERICAL PROPERTY SALES TRENDS

Source: Boxwood Means, LLC

SMALL MULTIFAMILY MARKET PRICE TRENDS

Source: Boxwood Means, LLC

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Know the value of Main Street®

Small Commercial and Multifamily Prices Indices

TRACK PROPERTY PRICE TRENDS ACROSS HUNDREDS OF U.S. CITIES

Index Methodology

Construction of Boxwood's indices borrows from conventional valuation techniques in which sales comparables are "adjusted" to reflect a subject property's attributes. We enhance this basic framework with robust multivariate hedonic models, employed metro by metro, to estimate the effects of location, vintage, property use, construction type, and other factors upon sales prices. Once estimated, the impact of these factors on the sale price is statistically removed to produce a population of transactions that are comparable across time within each metro area.

This technique leverages the information from tens of thousands of small-cap CRE property sales transactions to create a population of closed sales that is reflective of the broad small commercial property sales market and is comparable over time. In so doing, Boxwood's SCPI and SMPI methodology statistically replicates the qualities of a repeat-sales index without the limitations imposed by small sample sizes.

About Boxwood Means, LLC

Boxwood is a leading provider of CRE property valuations and risk assessment services and research for lenders and investors in the small commercial property and loan markets. Founded in 2003, we support 300 commercial banks, credit unions, private lenders, and investors with a suite of report products that include FieldSmart Evaluation Reports, FieldSmart Restricted Appraisals, Appraisal Reviews, Property and Environmental Inspection reports, and Boxwood's proprietary price indices.

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