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Higher Bond Yields to Hit Property Pricing

Newport Beach, CA, October 5, 2023 — The Green Street Commercial Property Price Index® was unchanged in September. The all-property index—a measure of pricing for institutional-quality commercial real estate—is 16% below its March '22 peak.

“The recent rise in Treasury yields is likely to cause another decline in property pricing,” said Peter Rothmund, Co-Head of Strategic Research at Green Street. “We estimate that property prices are already down about 15% from their '22 peak. If bond yields stay near current levels, prices will fall further.”

About the Green Street Commercial Property Price Index®

Green Street’s Commercial Property Price Index® is a time series of unleveraged U.S. commercial property values that captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Features that differentiate this index are its timeliness, its emphasis on high-quality properties, and its ability to capture changes in the aggregate value of the commercial property sector.

About Green Street

Founded in 1985, Green Street is the preeminent independent research and advisory firm concentrating on the commercial real estate industry in North America and Europe. The company is a leading provider of real estate analytics, research, and data on both the listed and private markets. Additional information on Green Street is available at www.greenstreet.com.

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Commercial Property Price Index®

October 5, 2023

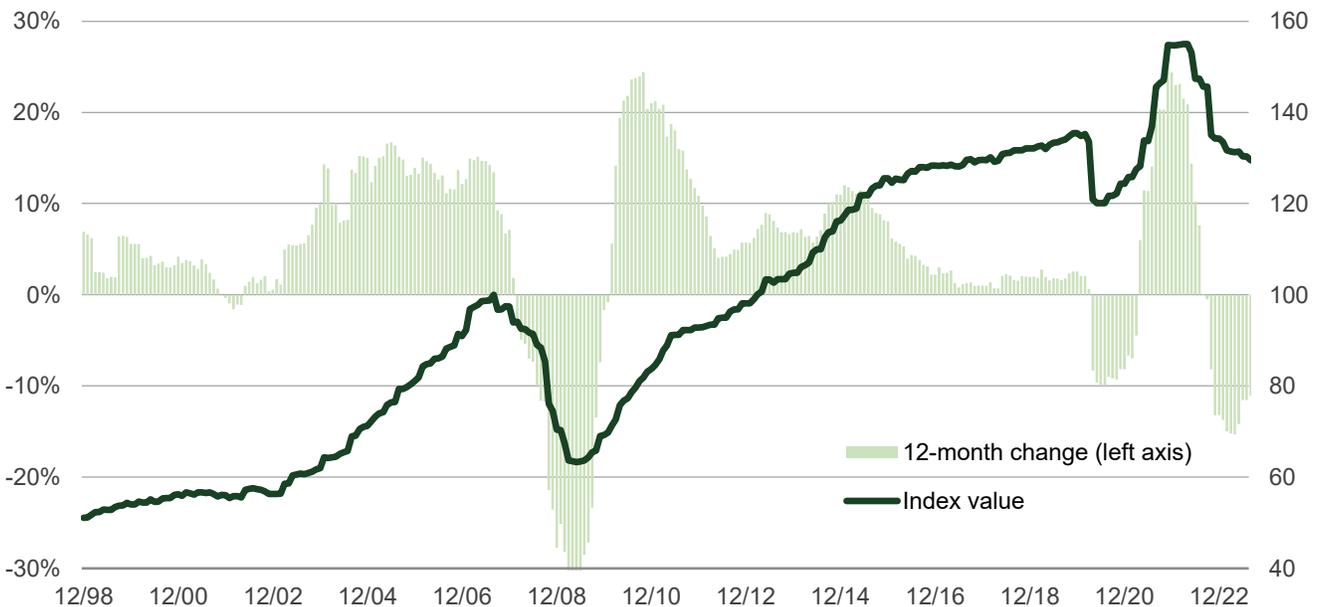


Green Street CPPI®: All-Property Index

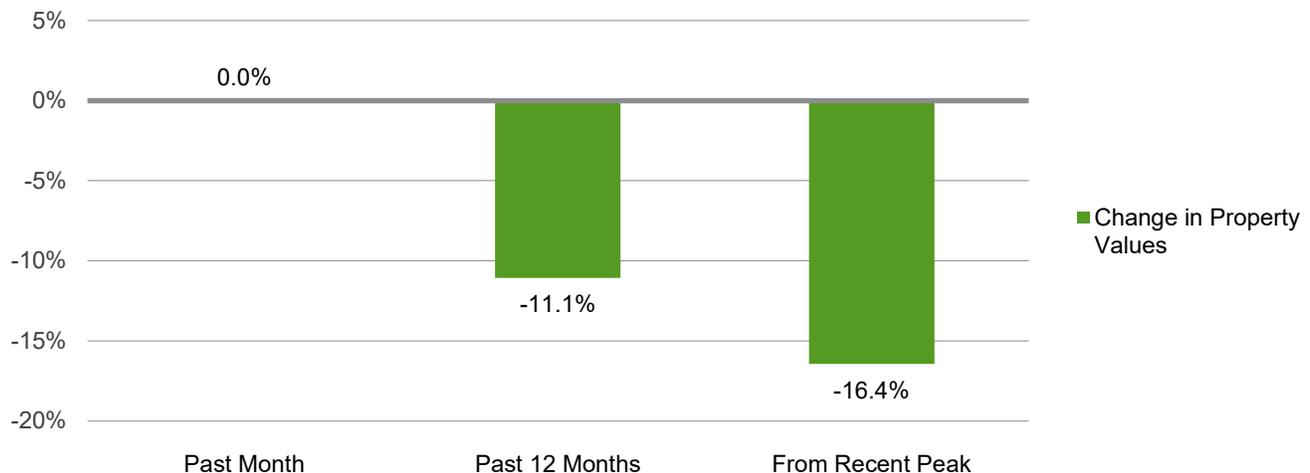
Prices Down 16% from Peak

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Green Street Commercial Property Price Index®



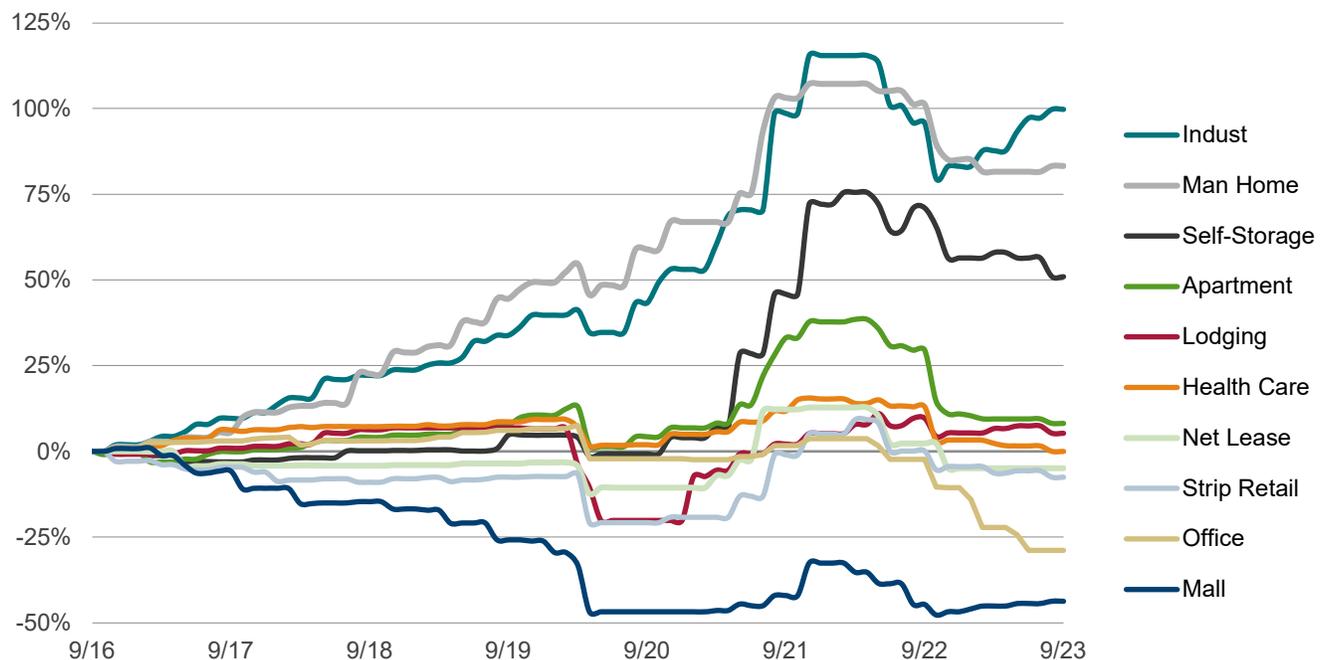
Change in Commercial Property Values



Green Street CPPI®: Sector-Level Indexes

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	Recent Peak
All Property	129.5	0.0%	-11%	-16%
Core Sector	129.6	0.0%	-12%	-19%
Apartment	148.9	0.0%	-16%	-22%
Industrial	235.4	0.0%	2%	-7%
Mall	81.5	0.0%	2%	-16%
Office	78.0	0.0%	-27%	-31%
Strip Retail	111.5	0.0%	-8%	-15%
Health Care	130.6	0.0%	-11%	-13%
Lodging	107.6	0.0%	-4%	-5%
Manufactured Home Park	286.3	0.0%	-9%	-12%
Net Lease	97.6	0.0%	-7%	-16%
Self-Storage	269.0	0.0%	-12%	-14%

Cumulative Change in CPPI®: Past Seven Years



All Property: retail (20%), office (17.5%), apartment (15%), health care (15%), industrial (12.5%), lodging (7.5%), net lease (5%), self-storage (5%), manufactured home park (2.5%). Retail is mall (50%) & strip retail (50%).

Core Sector: apartment (25%), industrial (25%), office (25%), and retail (25%)

Health care: medical office (30%), senior housing operating properties (25%), senior housing net leased (20%), skilled nursing (15%), and life science (10%)

Green Street Commercial Property Price Index® Fact Sheet

Green Street's Commercial Property Price Index® is a time series of unleveraged U.S. commercial property values that captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Features that differentiate this index are its timeliness, its emphasis on high-quality properties, and its ability to capture changes in the aggregate value of the commercial property sector.

Key Attributes of Green Street's Commercial Property Price Index®

- **Institutional Quality:** The index is based on Green Street's frequently updated estimates of price appreciation of the property portfolios owned by the REITs in its U.S. coverage universe. It is driven by the NAV models maintained by the research team, which, in turn, are driven primarily by changes in market cap rates and NOI growth. Since REITs own high-quality properties, the index measures the value of institutional-quality commercial real estate.
- **Timeliness:** Other indexes, based on either closed transactions or formal appraisals, reflect market prices from several months earlier. Also, the Green Street index value for a given month is released within days of month-end, whereas other indexes have a sizable lag.
- **Gauge of Aggregate Values:** Akin to familiar stock price indexes (e.g., S&P 500), asset value weighting provides a gauge of aggregate (as opposed to average) values. Equal-weighted indexes, by contrast, put the same emphasis on a small suburban strip center as they do a Manhattan office building.

Peter Rothmund, CFA

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Green Street's "BUYs" have historically achieved far higher total returns than its "HOLDs", which, in turn, have outperformed its "SELLs".

Total Return of Green Street's Recommendations^{1,2}

Year ³	Buy	Hold	Sell	Universe
2023 YTD	-2.2%	-3.8%	-10.0%	-5.0%
2022	-18.1%	-22.8%	-29.8%	-23.2%
2021	39.3%	40.4%	32.8%	38.3%
2020	3.3%	-13.0%	-22.5%	-10.7%
2019	31.6%	22.4%	17.8%	24.0%
2018	-5.1%	-6.6%	-9.2%	-7.0%
2017	6.4%	0.2%	2.1%	2.6%
2016	14.9%	14.7%	13.1%	14.4%
2015	8.3%	0.9%	-1.7%	2.4%
2014	41.6%	31.5%	27.3%	33.3%
2013	4.1%	0.6%	1.7%	2.2%
2012	24.5%	24.7%	18.9%	23.0%
2011	18.9%	7.6%	-4.7%	7.6%
2010	43.3%	32.8%	26.6%	33.8%
2009	59.0%	47.7%	6.0%	37.9%
2008	-28.1%	-30.9%	-52.6%	-37.3%
2007	-6.9%	-22.4%	-27.8%	-19.7%
2006	45.8%	29.6%	19.5%	31.6%
2005	26.3%	18.5%	-1.8%	15.9%
2004	42.8%	28.7%	16.4%	29.4%
2003	43.3%	37.4%	21.8%	34.8%
2002	17.3%	2.8%	2.6%	5.4%
2001	34.9%	19.1%	13.0%	21.1%
2000	53.4%	28.9%	5.9%	29.6%
1999	12.3%	-9.0%	-20.5%	-6.9%
1998	-1.6%	-15.1%	-15.5%	-12.1%
1997	36.7%	14.8%	7.2%	18.3%
1996	47.6%	30.7%	18.9%	32.1%
1995	22.9%	13.9%	0.5%	13.5%
1994	20.8%	-0.8%	-8.7%	3.1%
1993	27.3%	4.7%	8.1%	12.1%
Cumulative Total Return	24365.2%	1218.4%	-7.7%	1447.8%
Annualized	19.6%	8.8%	-0.3%	9.3%

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- (2) Beginning July 5, 2017, all companies in Green Street's North American coverage universe are included in the performance calculation. Previously, inclusion in the calculation of total return had been based on whether the companies were listed in the primary exhibit of Green Street's "Real Estate Securities Monthly" and had a rating other than "Not Rated".
- (3) From 1993 until July 3, 2017, the returns for each year cover the period following the first RESM issued in the respective year through the first RESM issued in the following year and are not based on a calendar year. Subsequent to July 5, 2017, returns are based on calendar months.

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