

COVID-19 REAL ESTATE BENCHMARKS

The following pages illustrate various measurements of commercial real estate investment from the beginning of 2005 through the first quarter of 2020, including an overall capitalization rate, equity dividend rate, mortgage constant etc. Data was estimated and blended from sources including PWC, Real Capital Analytics, CoStar, Realty Rates and the Federal Reserve Bank of St. Louis.

The highlighted portion of timelines focuses on the final period of economic expansion prior to the Great Recession to the period where capitalization rates for industrial were at their peak. The Great Recession is considered by many to have been the largest financial crisis since the Great Depression of the 1930s. The cause of the Great Recession (lax lending standards / real-estate bubble) is different from the non-market pressures of the existing COVID-19 economy; the result, however, is similar in terms of downward pressure on real estate values. Therefore it's important to consider these historical changes in market conditions as measured by capitalization rates, lease rates etc. when considering how and to what degree market conditions of real estate might change in the near future.

The tables on the following pages indicate the U.S. and other select markets' overall capitalization rates and lease rates from the peak of the economic expansion to the point where these investment parameters made their greatest change. Historically, the capitalization rate changes occurred most quickly while lease rates took much longer; this is likely due to the extended drop off from the peak of the market and the lag that naturally occurred as the market adjusted to the new economic situation

It is important to note that the time frame of declining lease rates relative to the rise in capitalization rates (to the extent that they occur) will likely be less than during the Great Recession as a result of the nearly immediate and transparent drop in economic activity particularly when coupled with the recent memory of the last recession.

SUMMARY

Overall, there is and will be strong downward pressure on market conditions as a result of various 'Stay at Home' and 'Social Distancing' orders that have been in place since March 2020. The information provides important benchmarks when assessing the magnitude of these changes to the industrial, multifamily, office, and retail real estate sectors for the U.S. and other select markets in the near future.

Investor Notice: As of the posting date of this information, significant financial market turmoil is being experienced due to the spread of the COVID-19 coronavirus. International equities and bond markets are exhibiting substantial volatility, there has been increasing uncertainty in the global markets as supply chains have been negatively affected, consumer demand is in decline, the stock market has strongly contracted in anticipation of reduced future earnings, and the salability of some types of commercial and residential real estate may ultimately be strained. The ultimate impact of the Covid-19 economy on markets is not yet known, and it is too early to fully assess the degree to which substantive impacts on property values or marketability will occur. Furthermore, every property has its own unique characteristics and risk parameters. Real estate market participants should seek the advice of real estate professionals prior to making real estate investment decisions.

Provided by

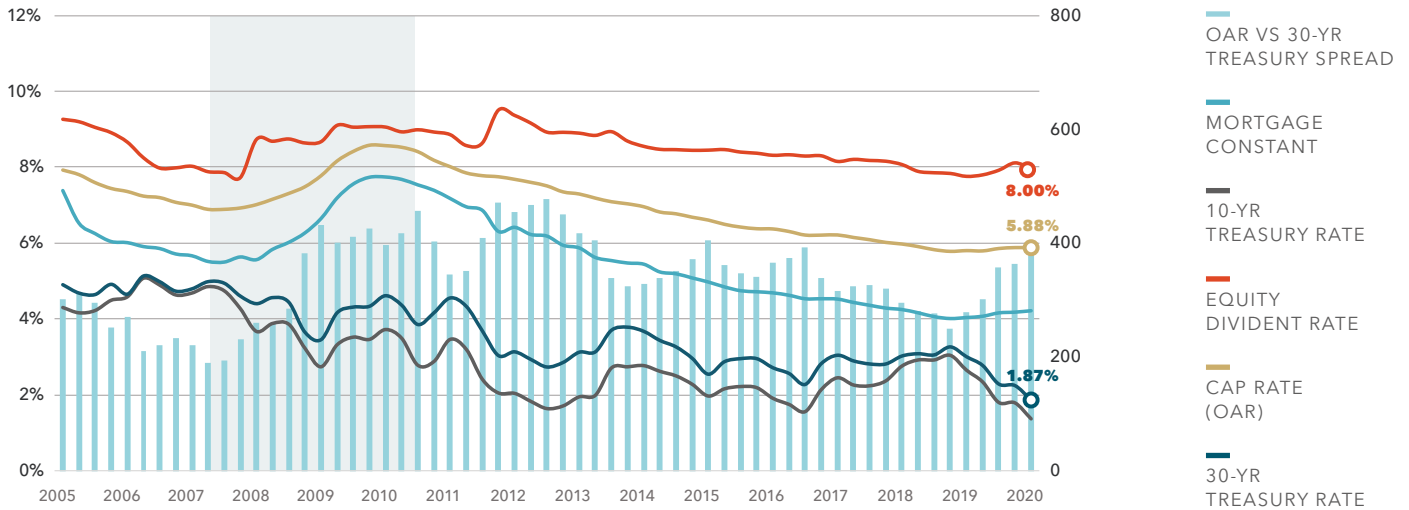
AARON TAYLOR, MAI, ASA
Sr Vice President, Manager
Valuation Advisory Services
503.721.2707
aaron.taylor@kidder.com

Kidder Mathews is the largest independent commercial real estate firm on the West Coast, with more than 900 real estate professionals and staff in 22 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, property management, consulting, project and construction management, and debt & equity finance services for all property types. The company has completed over \$9.6 billion in transactions, manages over 70 million square feet of space, and conducts over 1,680 appraisal assignments annually.



INDUSTRIAL

U.S. INDUSTRIAL INVESTMENT TRENDS



IMPACT TO LEASE RATES - RESULT OF THE GREAT RECESSION

	Peak Quarter	Peak Rent / Year*	Low Quarter	Low Rent / Year After Recession*	% Change in Lease Rates
United States	1Q 2008	\$6.31	1Q 2011	\$5.88	-7%
Seattle	4Q 2008	\$7.28	3Q 2010	\$7.02	-4%
Portland	3Q 2009	\$6.32	1Q 2011	\$6.23	-1%
Los Angeles	2Q 2008	\$8.49	4Q 2010	\$7.83	-8%
Sacramento	3Q 2007	\$6.46	1Q 2012	\$5.48	-15%
San Francisco	2Q 2008	\$15.79	1Q 2011	\$14.62	-7%
San Diego	4Q 2011	\$10.78	1Q 2008	\$12.10	12%
Phoenix	4Q 2007	\$7.47	3Q 2011	\$5.86	-22%

IMPACT TO CAP RATES** - RESULT OF THE GREAT RECESSION

	Late 2007 / Early 2008 Low Overall	Late 2009 / Mid 2010 High Overall	% Increase
United States	6.47%	8.80%	36%
Seattle	6.26%	7.70%	23%
Portland	6.75%	8.31%	23%
Los Angeles	5.76%	7.44%	29%
Sacramento	6.48%	8.48%	31%
San Francisco	5.54%	7.01%	27%
San Diego	6.02%	8.35%	39%
Phoenix	6.62%	8.33%	26%

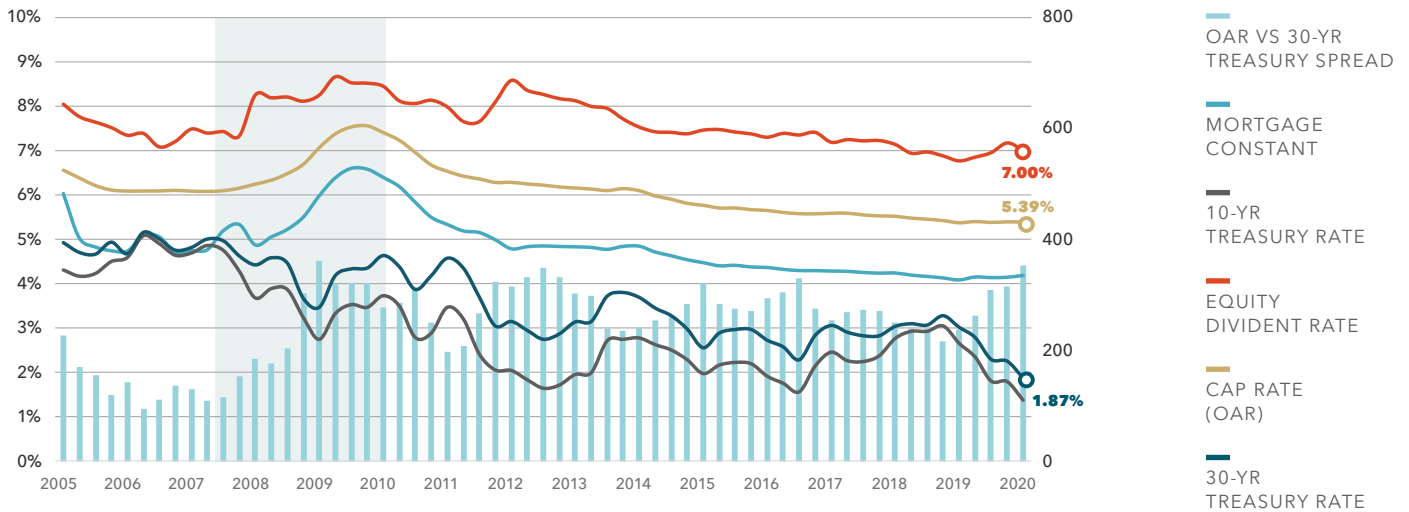
* LEASE RATES VIA COSTAR DATA

** OVERALL CAP RATES VIA A BLENDING OF PWC, COSTAR & REAL CAPITAL ANALYTICS DATA



MULTIFAMILY

U.S. MULTIFAMILY INVESTMENT TRENDS



IMPACT TO LEASE RATES - RESULT OF THE GREAT RECESSION

	Peak Quarter	Peak Rent / Year*	Low Quarter	Low Rent / Year After Recession*	% Change in Lease Rates
United States	3Q 2008	\$14.76	4Q 2010	\$13.92	-6%
Seattle	3Q 2008	\$19.17	1Q 2010	\$17.21	-10%
Portland	2Q 2008	\$14.16	4Q 2009	\$13.44	-5%
Los Angeles	3Q 2008	\$24.87	1Q 2010	\$22.62	-9%
Sacramento	3Q 2008	\$13.88	4Q 2009	\$13.10	-6%
San Francisco	3Q 2008	\$38.04	4Q 2009	\$34.99	-8%
San Diego	3Q 2008	\$19.71	4Q 2009	\$18.99	-4%
Phoenix	3Q 2007	\$12.25	4Q 2009	\$10.71	-13%

IMPACT TO CAP RATES** - RESULT OF THE GREAT RECESSION

	Late 2007 / Early 2008 Low Overall	Late 2009 / Mid 2010 High Overall	% Increase
United States	5.75%	8.03%	40%
Seattle	5.28%	6.52%	23%
Portland	5.93%	7.15%	21%
Los Angeles	4.98%	6.04%	21%
Sacramento	5.63%	7.03%	25%
San Francisco	4.21%	5.50%	31%
San Diego	5.16%	6.08%	18%
Phoenix	5.98%	7.30%	22%

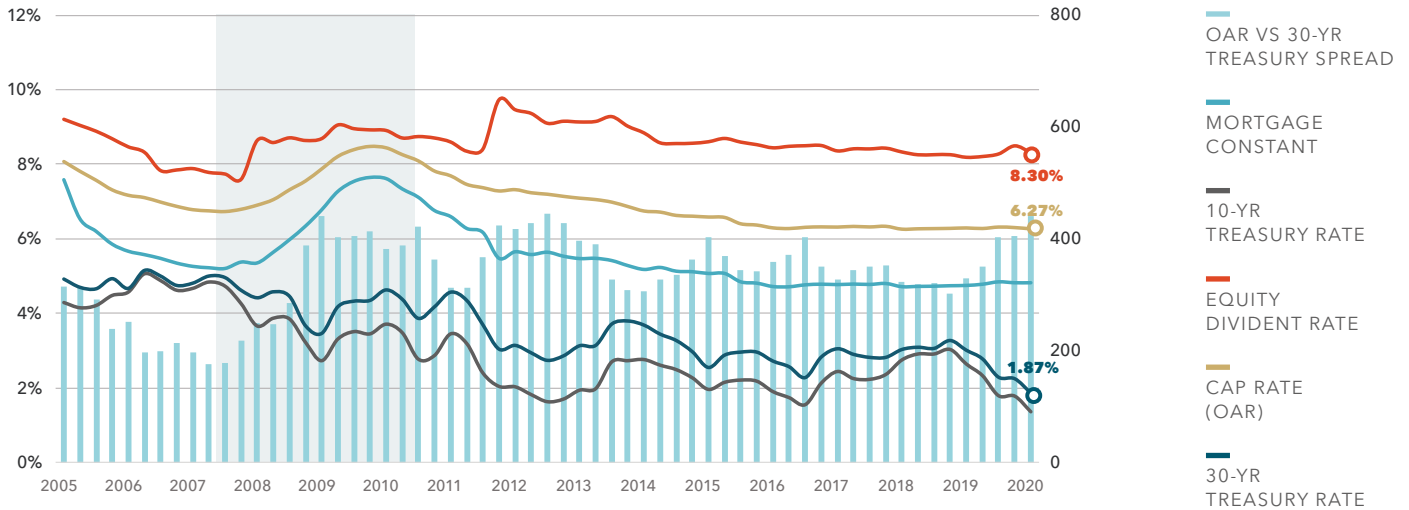
* LEASE RATES VIA COSTAR DATA

** OVERALL CAP RATES VIA A BLENDING OF PWC, COSTAR & REAL CAPITAL ANALYTICS DATA



OFFICE

U.S. OFFICE INVESTMENT TRENDS



IMPACT TO LEASE RATES - RESULT OF THE GREAT RECESSION

	Peak Quarter	Peak Rent / Year*	Low Quarter	Low Rent / Year After Recession*	% Change in Lease Rates
United States	2Q 2008	\$29.34	4Q 2010	\$25.09	-14%
Seattle	3Q 2008	\$28.79	1Q 2011	\$23.49	-18%
Portland	3Q 2008	\$21.40	4Q 2011	\$19.62	-8%
Los Angeles	2Q 2008	\$33.58	1Q 2011	\$27.70	-17%
Sacramento	4Q 2007	\$25.29	4Q 2012	\$19.49	-23%
San Francisco	2Q 2008	\$38.42	2Q 2010	\$29.55	-23%
San Diego	1Q 2008	\$29.56	3Q 2011	\$23.43	-21%
Phoenix	4Q 2007	\$25.94	2Q 2012	\$18.48	-29%

IMPACT TO CAP RATES** - RESULT OF THE GREAT RECESSION

	Late 2007 / Early 2008 Low Overall	Late 2009 / Mid 2010 High Overall	% Increase
United States	6.60%	8.88%	35%
Seattle	6.22%	8.06%	30%
Portland	7.09%	8.86%	25%
Los Angeles	6.05%	7.66%	27%
Sacramento	6.72%	8.75%	30%
San Francisco	6.07%	7.76%	28%
San Diego	5.64%	8.05%	43%
Phoenix	6.63%	8.83%	33%

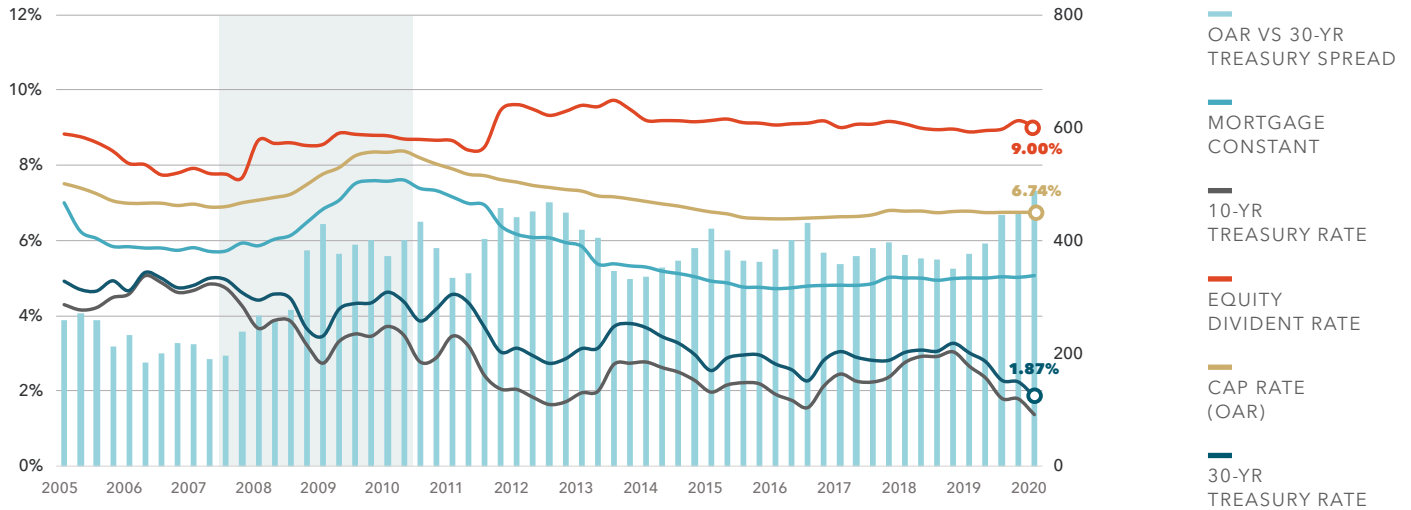
* LEASE RATES VIA COSTAR DATA

** OVERALL CAP RATES VIA A BLENDING OF PWC, COSTAR & REAL CAPITAL ANALYTICS DATA



RETAIL

U.S. RETAIL INVESTMENT TRENDS



IMPACT TO LEASE RATES - RESULT OF THE GREAT RECESSION

	Peak Quarter	Peak Rent / Year*	Low Quarter	Low Rent / Year After Recession*	% Change in Lease Rates
United States	1Q 2008	\$19.81	1Q 2012	\$18.04	-9%
Seattle	2Q 2008	\$21.37	3Q 2011	\$19.45	-9%
Portland	2Q 2008	\$18.55	4Q 2011	\$17.21	-7%
Los Angeles	1Q 2008	\$29.71	1Q 2012	\$26.13	-12%
Sacramento	3Q 2007	\$24.03	2Q 2013	\$17.55	-27%
San Francisco	1Q 2008	\$34.55	2Q 2010	\$33.43	-3%
San Diego	3Q 2008	\$26.69	1Q 2011	\$24.44	-8%
Phoenix	3Q 2007	\$23.32	2Q 2013	\$16.28	-30%

IMPACT TO CAP RATES** - RESULT OF THE GREAT RECESSION

	Late 2007 / Early 2008 Low Overall	Late 2009 / Mid 2010 High Overall	% Increase
United States	6.63%	8.70%	31%
Seattle	6.72%	7.92%	18%
Portland	6.72%	8.31%	24%
Los Angeles	5.73%	7.13%	24%
Sacramento	6.05%	7.76%	28%
San Francisco	5.47%	7.76%	42%
San Diego	5.64%	7.24%	28%
Phoenix	6.40%	8.45%	32%

* LEASE RATES VIA COSTAR DATA

** OVERALL CAP RATES VIA A BLENDING OF PWC, COSTAR & REAL CAPITAL ANALYTICS DATA