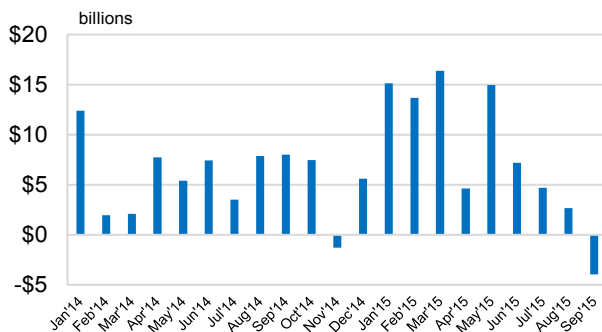


Quarter in Review

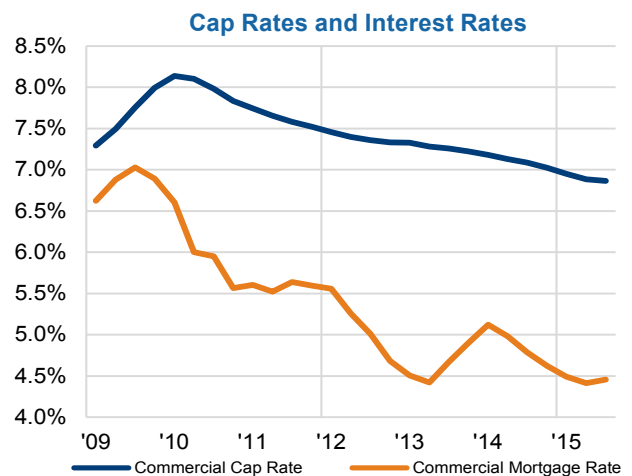
- Sales of significant US commercial properties fell 10% YOY in September on volume of \$35.6B. These figures represent the first double digit YOY decline since December of 2013. That decline came after months of slowing growth in volume as the market responded to financing changes in the wake of the so-called “Taper Tantrum.” As explored on page 3 of this report, similar forces are faced in the current market.
- Growth in sales volume has been slowing every month since May of 2015 which had posted a 49% pace of growth from a year earlier. The overall slowdown in volume was more pronounced in certain sectors; retail for instance has seen declines in each of the last three months. Into September however, all sectors save for industrial have posted YOY declines in sales volume.

Year Over Year Volume

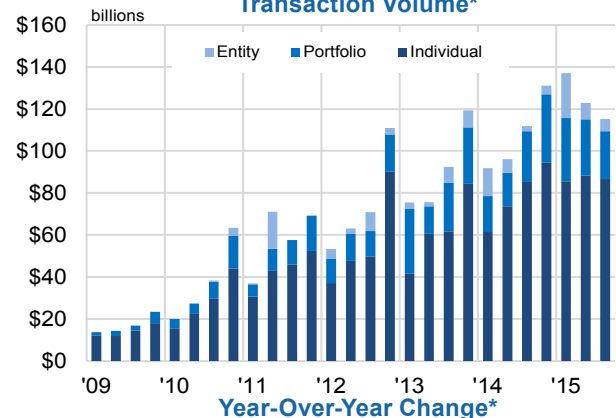


- Portfolio and entity level deals were an important part of the fast-growing pace of sales volume set early in 2015. In February for instance, these mega-deals accounted for a whopping 45% of transaction activity. Sales volume grew at an average 49% YOY pace in Q1'15 with these mega-deals accounting for 38% of all volume. Into Q3'15 however, these mega-deals have accounted for only 30% of sales volume.
- This declining share of mega-deal volume is important for the broader decline in volume as well. The volume of mega-deals was down 22% YOY in September on sales of \$8.7B. The sale of individual assets by contrast has held up somewhat better, volume was down only 5% YOY for September in such transactions.
- Cap rates are still generally trending down YOY, though with much less movement in recent months.

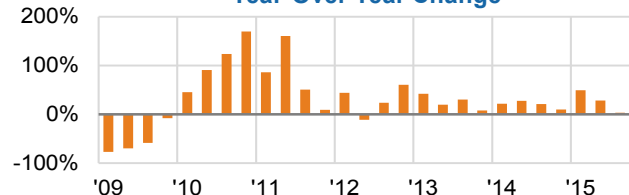
Quarterly Volume & Cap Rate Trends



Transaction Volume*



Year-Over-Year Change*



*Office, industrial, retail, apartment, hotel, and dev sites

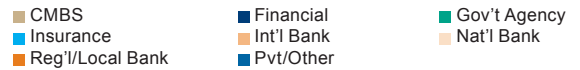
QUARTER IN REVIEW

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- *Impact Summer 2015* 3
- *Market Table* 4
- *Top Transactions* 5
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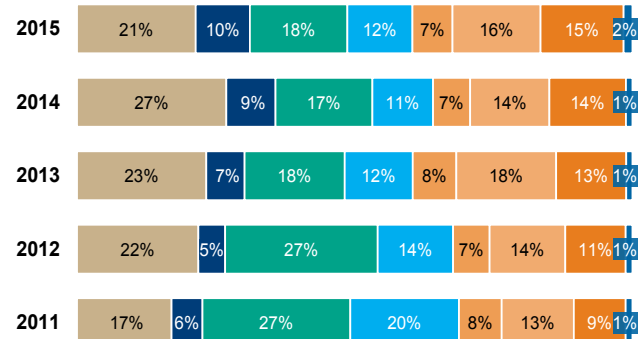
Lender Composition

- The largest category of commercial real estate lenders for H1'15 are CMBS players, accounting for 21% of all originations. This figure is down significantly from the 27% share of activity seen over all of 2014. There were a number of CMBS loans originated in 2014 but with securities tied to these loans issued into 2015 so these figures may look different from the perspective of the new stock of debt for 2015.
- Insurance industry lenders have increased their market share in H1'15, up to 12% of all loans. This source of debt capital was critical in the aftermath of the Global Financial Crisis when few other lenders were willing to step up as the market recovery was getting underway. These lenders lost market share until 2014. The 100 BPS gain in market share is not the most significant trend in a volume context, but the momentum here is the key story.
- Regional and local banks have been steadily gaining market share in recent years, to a 15% share in H1'15. This figure is up from a low of only 9% in 2011. The financial market liquidity generated by the Federal Reserve Bank with the ultra-low discount rate on offer to banks provides these lenders an advantage.
- With respect to underwriting standards when compared to H1'14, occupancy rates for the underlying collateral are generally higher. All loans on average however show lower occupancy in H1'15 relative to H1'14: 90.7% vs. 92.7%. The decline is largely a function of lower occupancy for CMBS lenders in the industrial sector. Average loan sizes for this segment have fallen from \$12.3m in H1'14 to \$8m in H1'15. LTV's are generally falling, again the CMBS lenders for industrial are an exception, where LTVs nudged, up to 63% from 61% a year earlier.

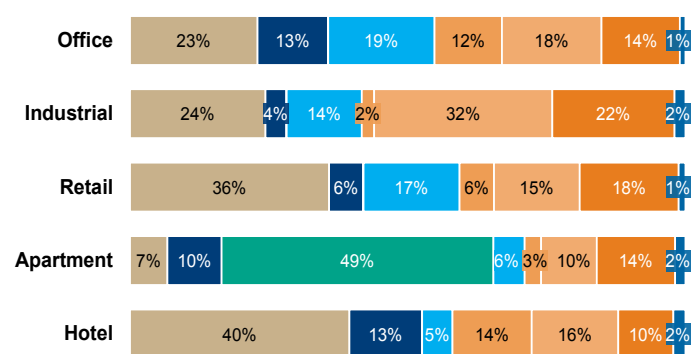
First Half 2015 Lender Composition



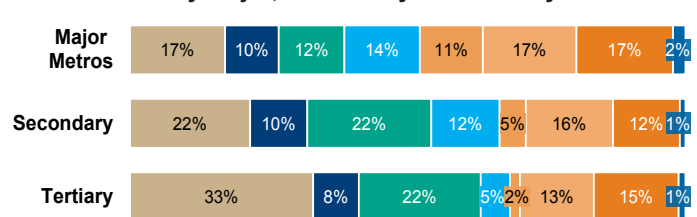
All Property Types



By Property Types



By Major, Secondary and Tertiary Market



*The time series for this analysis is for H1'15

H1'15 All Type Lender Composition

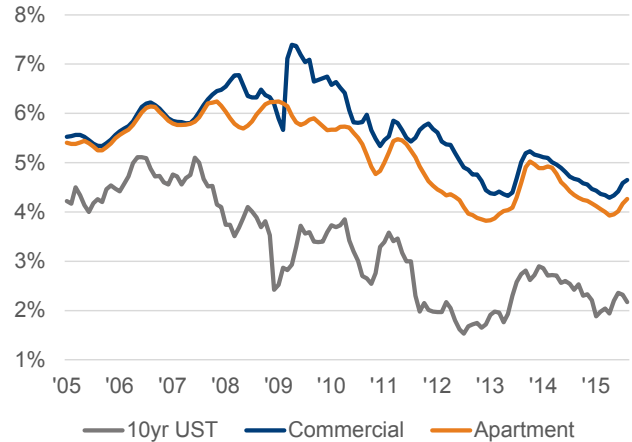
	Avg Loan Size (\$M)	Avg LTV	Avg PPSF	Avg Cap	Avg OCC
CMBS	\$10.2	64%	\$306	7.0%	86.7%
Int'l Bank	\$28.8	68%	\$689	6.2%	94.2%
Nat'l Bank	\$13.0	71%	\$293	5.9%	95.5%
Reg'l/Local Bank	\$6.7	73%	\$221	6.4%	95.0%
Financial	\$18.6	79%	\$430	6.1%	92.2%
Insurance	\$24.8	64%	\$276	6.1%	96.7%
Grand Total*	\$12.5	69%	\$348	6.6%	90.7%

*Numbers may not sum as unclassified volume is included in the grand total

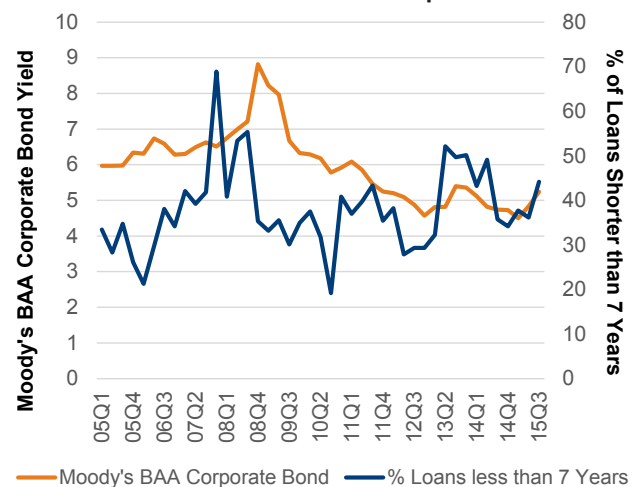
Impact of Summer 2015 Financial Turmoil

- Financial market turmoil in the summer of 2015 has some investors on edge despite otherwise favorable signs for commercial property investment. Borrowers and lenders have in turn adapted to this turmoil allowing transaction activity to continue.
- The sources of financial turmoil are many. What the Fed will or will not do, the devaluation of the Chinese Yuan, equity market volatility, all of these have combined to change the investor perception of risk assets.
- A broad indicator of this perception of risk can be found in the Moody's BAA corporate bond rates which averaged 4.5% in Q1. This level is a low not seen in the history of this benchmark. As turmoil grew into the summer, investor risk aversion pushed the benchmark up 75 BPS to hit 5.25% on average in Q3.
- This increased risk aversion has flowed through to the commercial real estate debt markets as well. For both commercial and apartment mortgages, interest rates for fixed rate 7-10 year loans have also increased in response to this turmoil; up 30 and 40 BPS, respectively, into Q3 from lows set earlier in the year.
- With a higher cost of debt for fixed rate commercial loans, it may be more challenging for buyers and sellers to see eye-to-eye on asset prices. Sellers will still want prices tied to recent comparable sales, but some buyers will not be able to get returns to pencil out to the IRR's they were expecting given the higher costs of debt.
- Borrowers and lenders have however adapted to these market changes. In recent periods of financial market turmoil there has been a pronounced shift to shorter term loans — 37% of all commercial loans originated in Q1 and Q2 were for terms less than 7 years. As turmoil grows, borrowers shift to more short term debt, with 44% of all loans into Q3 for terms less than 7 years.
- Short term loans tend more toward variable rates at lower overall costs. By switching to such shorter term loans, buyers are able to transact deals at returns they need and at prices that sellers are willing to accept.
- The market behaved in a similar fashion in 2013 as the so-called Taper Tantrum roiled the financial markets as the Fed announced plans to end their Quantitative Easing program. The turmoil at the time, however, did not shut down commercial real estate lending given the ability to shift to shorter term debt as investors are doing today.
- Still, all these changes in debt term do come at a cost.

Rates on 7-10 Year Fixed Loans on the Rise



A Shift to Short Term Loans in Response to Turmoil



Buyers are effectively taking on more refinance risk in the current market. In retrospect, such a risk in 2013 was manageable given the way that the long end of the yield curve continued to stay at low levels through to 2015. It all worked out in hindsight but at the time many analysts had been expecting an increase in rates on the long end of the yield curve.

- In the current market, again, most analysts expect an eventual increase in rates on the long end of the yield curve. There is however, an expectation for smaller increases today. In the December 2013 edition of the WSJ survey of economists, the expectation was for the 10yr UST to jump to 3.9% in two years. The October 2015 edition however only calls for a 3.2% 10yr UST two years into the future. With such figures, buyers have less expected refinance risk today than they had back in 2013.

THIRD QUARTER 2015

Top Transactions of Q3'15

Office, Apartment, Retail, Industrial, Hotel & Dev Sites

Top 25 Property Sales

Prop Type	Transaction	Location	Inv Vol (\$M)*	SF/Units	PPSF	Buyer
1 Office	11 Madison Avenue	New York, NY	\$2,285.0	2,285,043	\$1,000	SL Green
2 Office	Market Square	San Francisco, CA	\$917.4†	1,067,188	\$877	JP Morgan
3 Dev Site	101 Murray Street	New York, NY	\$820.0	39,401	\$20,812	China Taiping Insurance
4 Hotel	Lotte New York Palace	New York, NY	\$805.0	899	\$895,439	Lotte Group
5 Office	Columbia Center	Seattle, WA	\$711.3	1,516,204	\$469	Gaw Capital
6 Office	NY Times Tower (Office Condo)	New York, NY	\$516.0	481,110	\$1,073	Columbia Property Trust
7 Apartment	Tower Two at One Rincon Hill	San Francisco, CA	\$410.0	298	\$1,375,839	Maximus RE Partners JV Rockpoint Group
8 Office	Saint Johns Center	New York, NY	\$389.7†	1,200,000	\$542	Westbrook Partners
9 Retail	The Shops at Skyview Center (Retail Condo)	Flushing, NY	\$384.5	508,817	\$756	Blackstone
10 Office	US Bancorp Tower	Portland, OR	\$372.5†	1,100,000	\$398	UBS
11 Office	Tower 45	New York, NY	\$365.0	443,956	\$822	Kamber Management
12 Office	Grolier Building	New York, NY	\$357.0†	743,240	\$686	Angelo Gordon JV George Comfort & Sons
13 Retail	Shops at Wailea	Kihei, HI	\$342.0	164,425	\$2,080	Heitman
14 Office	75-101 Federal Street	Boston, MA	\$326.5	813,195	\$402	Rockpoint Group
15 Dev Site	518 5th Ave	New York, NY	\$325.0	10,625	\$30,588	Ceruzzi Properties JV Shanghai Municipal
16 Office	500 8th Street	Washington, DC	\$318.0	323,000	\$985	Prudential RE Investors
17 Office	Airbnb HQ	San Francisco, CA	\$310.0	425,000	\$729	TIAA-CREF JV Norges Bank (NBIM)
18 Dev Site	future NorthPoint	Cambridge, MA	\$295.0	1,916,640	\$154	DivcoWest
19 Retail	669 Mag Mile	Chicago, IL	\$295.0	148,245	\$1,990	Meyer Bergman
20 Office	51 Astor Place	New York, NY	\$294.0†	400,000	\$1,500	FG Asset Management OBO KTCU
21 Office	100 Wall Street	New York, NY	\$270.0	473,545	\$570	Cornerstone RE Advisers
22 Office	PennCom Plaza	New York, NY	\$265.0	423,000	\$626	Vanbarton Group
23 Hotel	Hilton Portland & Executive Tower	Portland, OR	\$261.0	782	\$333,734	Brookfield AM JV Thl VI Portland LLC
24 Industrial	Ford Motor Company Service Center	New York, NY	\$255.5	464,000	\$551	Pershing Square Capital Management JV Georgetown Company
25 Office	2201 Westlake	Seattle, WA	\$251.0	323,192	\$777	American Realty Advisors

Top 10 Portfolio Sales

Prop Type	Transaction	Location	Inv Vol (\$M)*	SF/Units	PPSF	Buyer
1 Mixed	GE Capital Buyout Portfolio 2015	North America	\$5,433.7	n/a	n/a	Blackstone
2 Apartment	Associated Estates Buyout	Multiple, United States	\$2,482.3†	12,969	\$192,767	Brookfield AM
3 Mixed	Excel Trust Buyout Portfolio 2015	Multiple, United States	\$1,971.2†	n/a	n/a	Blackstone
4 Hotel	John Q Hammons Hotels Portfolio 15	Multiple, United States	\$990.2	7,435	\$136,516	Private
5 Apartment	Caiola Family Resi Portfolio 2015	New York, NY	\$693.3	997	\$695,420	Blackstone JV Fairstead Capital
6 Apartment	Trade Street Residential Buyout	Multiple, United States	n/a	4,989	n/a	Independence Realty Trust
7 Industrial	Cervalis/CyrusOne Merger 15	Northeast	\$400.0	525,000	\$762	CyrusOne
8 Office	Illinois Center	Chicago, IL	\$376.0	2,091,889	\$180	AmTrust Realty
9 Retail	Fryd Properties Retail (Land Only) Miami Portfolio	Miami Beach, FL	\$370.0	50,000	\$7,400	Ponte Gadea
10 Retail	ARCP (VEREIT) Retail 2015	Multiple, United States	\$318.2	1,026,141	\$310	Pacific Convenience & Fuels LLC

* When prices are not known, estimated prices are used in the ranking but are not shown. In the case of partial interest deals, the pro-rated share of the property was used for the transaction price and the PPU/PPSF was based on the full 100% price.

† Partial Interest

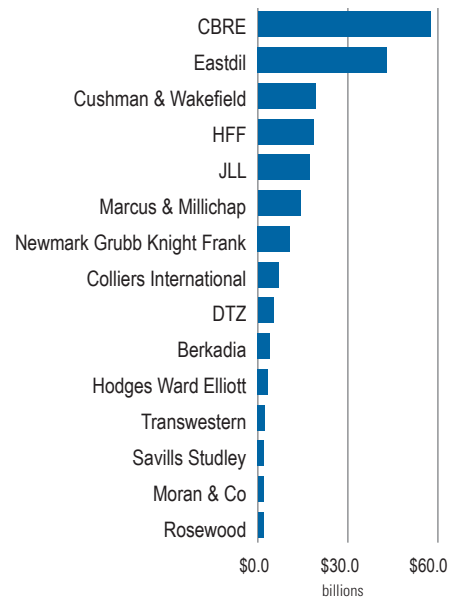
THIRD QUARTER 2015

Top Brokers of 2015 YTD

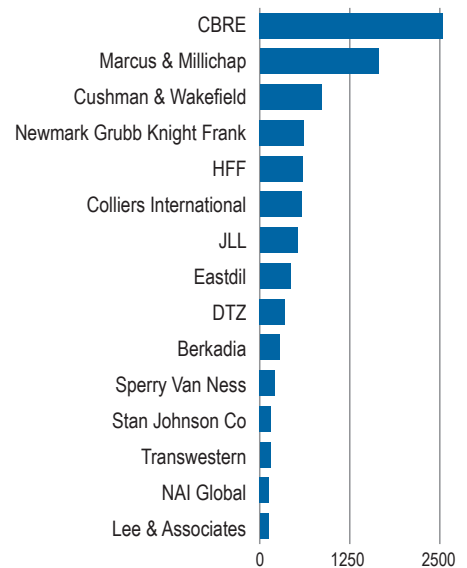
Office, Apartment, Retail, Industrial, Hotel & Dev Sites

By Region	By Property Type	Other
Mid-Atlantic CBRE HFF JLL Eastdil Cushman & Wakefield	Office Eastdil CBRE Cushman & Wakefield HFF JLL	Over \$25M CBRE Eastdil HFF JLL Cushman & Wakefield
Midwest CBRE Eastdil Marcus & Millichap Cushman & Wakefield JLL	Industrial CBRE Cushman & Wakefield Colliers International JLL HFF	Under \$25M CBRE Marcus & Millichap Cushman & Wakefield Colliers International Newmark Grubb Knight Frank
Northeast Eastdil CBRE Cushman & Wakefield JLL HFF	Retail Eastdil CBRE Marcus & Millichap HFF Cushman & Wakefield	Portfolio Sales Eastdil CBRE HFF JLL Cushman & Wakefield
Southeast CBRE Eastdil JLL Cushman & Wakefield HFF	Apartment CBRE Marcus & Millichap Newmark Grubb Knight Frank HFF JLL	Buyer's Rep Eastdil CBRE Marcus & Millichap Colliers International Cushman & Wakefield
Southwest CBRE HFF Newmark Grubb Knight Frank Marcus & Millichap Eastdil	Hotel Eastdil JLL Hodges Ward Elliott CBRE HFF	Cross-Border Eastdil CBRE HFF JLL Hodges Ward Elliott
West CBRE Eastdil JLL Marcus & Millichap HFF	Dev Sites CBRE Eastdil Cushman & Wakefield HFF JLL	Deal Size Eastdil Hodges Ward Elliott Moran & Co Engler Financial Group Savills Studley

Top 15 by Investment Volume



Top 15 by Number of Properties



Methodology

Full credit assigned to sellers' representative. When two brokers represent same seller, both sellers' representatives assigned full credit. For partial-interest, rankings are based on the pro-rated share of the total property or portfolio value. For more information on rankings please visit http://www.rcanalytics.com/Misc/Brokers_Ranking_Methodology.pdf

Notes & Definitions

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ABOUT REAL CAPITAL ANALYTICS

Real Capital Analytics, Inc (RCA) is an independent data and analytics firm focused exclusively on the capital investment markets for commercial real estate. RCA offers the most in-depth, comprehensive and current information of activity in the industry. Formed in 2000, RCA has offices in New York City, San Jose, and London. In addition to collecting transactional information for property sales and financing, RCA interprets the data including capitalization rates, market trends, pricing and sales volume. The firm publishes a series of Capital Trends reports and offers an online service that provides real-time, global transactional market information. For more information, visit: www.rcanalytics.com.

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NOTES & METHODOLOGY

The information maintained by RCA and presented in this report encompasses markets nationally and includes only properties or portfolios \$2.5M or greater. Readers should note that there is substantial investment activity, largely local in nature, that falls below this threshold and is not captured in this report.

Records are maintained for transactions that represent the transfer of a controlling interest in a property or portfolio of properties that are \$2.5M or greater. Transactions are assumed to be fee simple; leasehold and commercial condominium interests are noted, if known. Transactions include both real estate asset sales as well as transactions involving real estate operating and investment entities. Thus, for example, merger and acquisition activity among entire REITs or other real estate entities is included in this report unless noted otherwise. Sales of partial interest transactions will receive credit and be valued at the pro-rated share.

For this report, market classifications are defined as followed:

Major Metros: Boston, Chicago, DC Metro, LA Metro, NYC Metro and SF Metro

Secondary: Atlanta, Austin, Charlotte, Cincinnati, Cleveland, Columbus, Dallas, Baltimore, Denver, Detroit, Houston, Indianapolis, Jacksonville, Kansas City, Las Vegas, Memphis, Milwaukee, Minneapolis, Nashville, Norfolk, Orlando, Philly Metro, Phoenix, Pittsburg, Portland, Raleigh/Durham, Sacramento, Salt Lake City, San Antonio, San Diego, Seattle, South Florida, St Louis and Tampa.

Tertiary: All other US markets.

Commercial Property Price Indices (RCA CPPI™): CPPI use advanced repeat-sale regression (RSR) methodology, which uses qualified repeat-sale observations to measure price change in commercial real estate. All CPPI are based on similar index methodology developed by RCA and further information is available on our website. The US suite of CPPI includes 23 Moody's/RCA CPPI national benchmarks and over 200 RCA US CPPI for regions, markets and property niches.

The Moody's /RCA CPPI suite includes national composites for all property types and all commercial. Each of the apartment, hotel, CBD office, suburban office, retail and industrial sector indices are composites with each based on Major Metro and Non-Major Metro indices.

The RCA US CPPI were developed and published by Real Capital Analytics to complement the Moody's/RCA CPPI but are not maintained, reviewed, endorsed, or otherwise affiliated with Moody's Investors Service or its affiliates.

Ranking Methodology: Based on transactions \$2.5M and greater. Full dollar value is assigned to each buyer, seller, or broker in joint venture transactions. Partial interest sales are included at the pro-rated share of the total property or portfolio value.

Trend analysis may exclude certain transactions that exceed 5% of the data sample or that may otherwise skew results. A complete glossary and methodology can be found at www.rcanalytics.com.

Abbreviations:

- PPSF= Price Per-Square-Foot
- BPS= Basis Points
- YOY= Year-Over-Year
- YTD= Year-to-Date
- Q1= First Quarter of Year
- H1= First Half of Year

Loan Search - the largest database of commercial real estate financings linked to properties, borrowers and lenders.

Property Name	Price as of	Loan Type	Lender Group
1115 Grand Rd, Atlanta, GA US	\$52,352 / Units	1st Mortgage	US Bank
2210 Walton Road, Atlanta, GA US	\$72.0 / Unit	1st Mortgage	US Bank
2438 Chestnut Bridge Rd, Atlanta, GA US	\$31.1 / Unit	1st Mortgage	US Bank
1800 Peachtree St NE, Atlanta, GA US	\$21.1 / Unit	1st Mortgage	US Bank

Loan Search BETA

1st Mortgage(s) Jr/Mezzanine

All Outstanding Loan Status

All Lender Group

Loan Amount is greater than mil

Loan Date Type is later than

All Outstanding
Performing
Troubled
LenderREO

All Private/Other
Insurance
Financial
Bank
Government Agency
CMBS

Origination
Defeasance
Prepayment
Maturity
Distressed