

FIGURES | U.S. CAPITAL MARKETS | Q4 2021

2021 U.S. Investment Volume Hits Record \$746 Billion

▲ \$296 B

Total Investment Volume in Q4¹

▲ \$29 B

Cross-Border Inflow in Q4

▲ 17.7%

NCREIF One-Year Return

▲ 176

RCA Commercial Property Price Index

Arrows indicate change from previous quarter. ¹All references to investment volume cited in this report are based on Real Capital Analytics transactional database, which includes entity-level and excludes development site transactions and confidential deals.

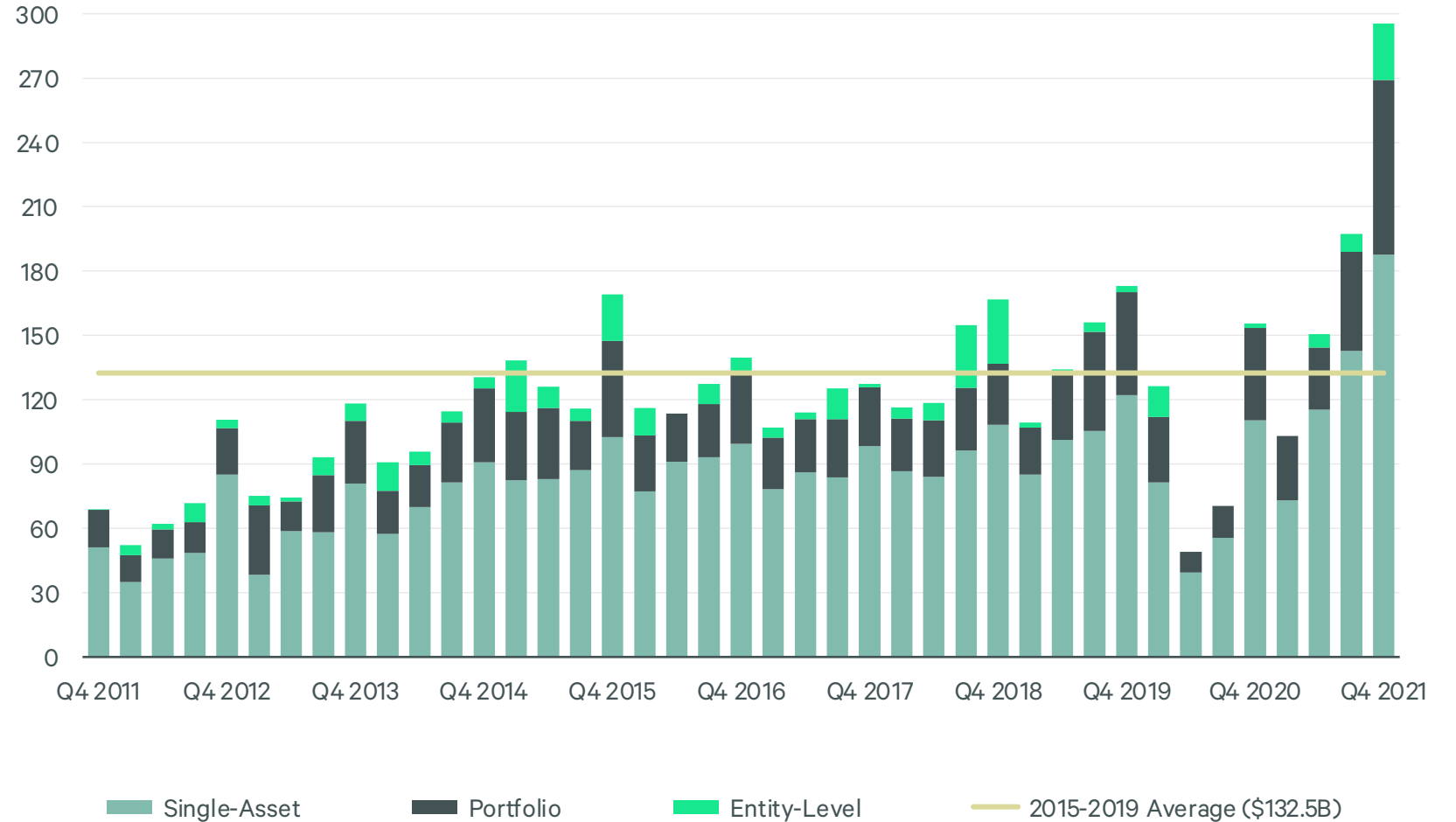
Executive Summary

- Total U.S. commercial real estate investment volume of \$296 billion in Q4 2021 brought the full-year total to \$746 billion, both record levels.
- Multifamily led all sectors for investment volume in Q4 (\$136 billion) and for the year (\$315 billion).
- Although Los Angeles and New York had the highest levels of investment in 2021, Sun Belt markets had the strongest year-over-year growth rates, including Las Vegas (232%), Houston (191%) and South Florida (179%).
- Private buyers accounted for the most Q4 investment volume (\$143 billion), while REITs/public companies had the highest year-over-year growth rate of 153% to \$35 billion.
- Cross-border investment in the U.S. increased by 115% year-over-year to \$29 billion in Q4. Foreign capital accounted for \$56 billion or 7.5% of total investment volume in 2021.
- Canada was the largest source of foreign capital in 2021 with \$21 billion, followed by Singapore with \$15 billion.

Figure 1 Historical commercial real estate investment volume

- Investment volume increased by 90% year-over-year in Q4 to a record \$296 billion.
- Full-year investment volume totaling \$746 billion for 2021, also a record, was up by 86% from 2020.
- Portfolio investment volume of \$81 billion in Q4 was up by 89% year-over-year and set a new quarterly record.

Investment Volume (\$ Billions)



Note: Volume excludes development site transactions.
Source: CBRE Research, Real Capital Analytics, Q4 2021.

Figure 2
Commercial real estate investment volume, Q4 2021 vs. Q4 2020

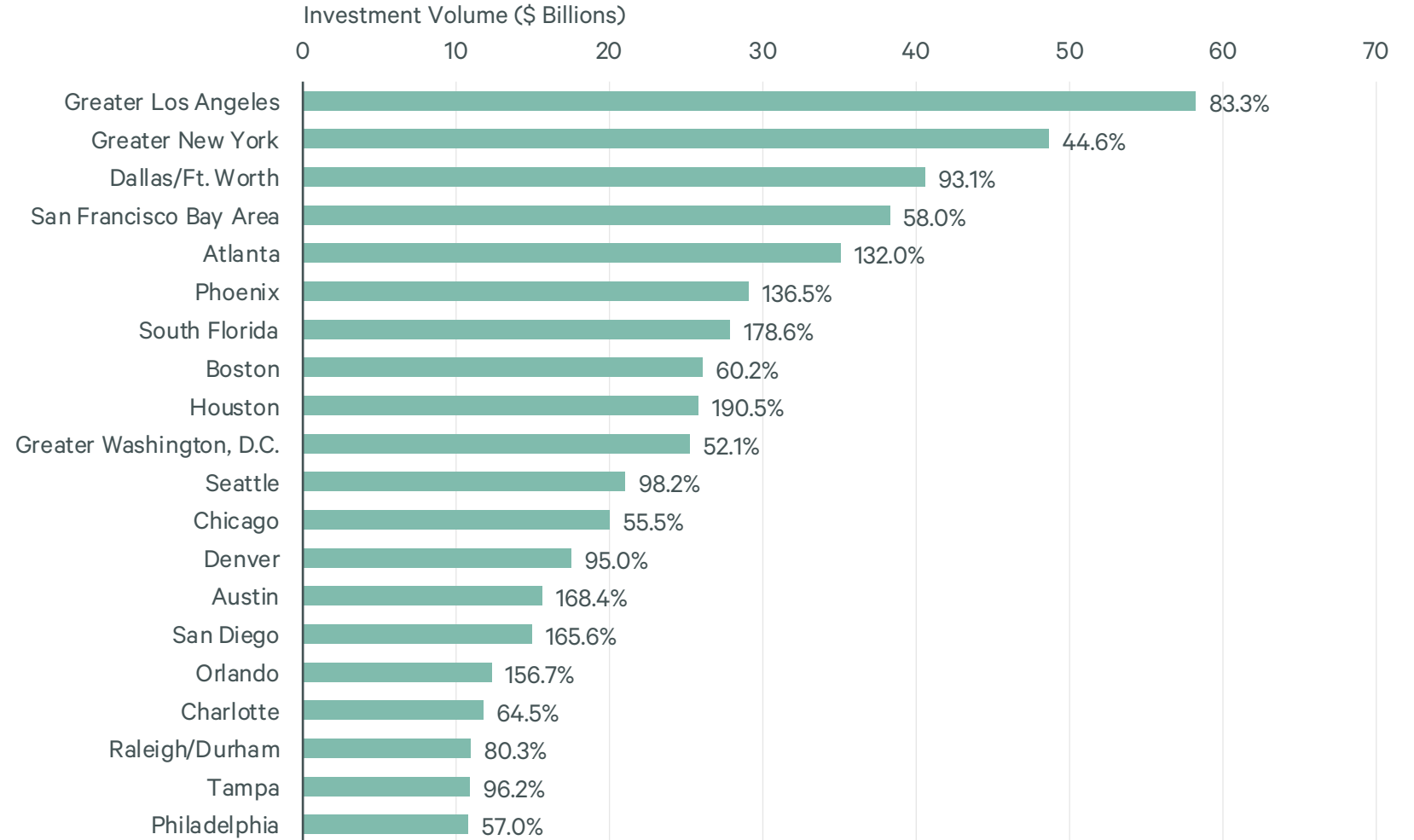
- Multifamily led all sectors for investment volume in Q4 with \$136 billion, up by 116% from a year ago.
- Industrial was the second largest sector for Q4 investment volume with \$64 billion, up by 55% year-over-year.
- Office investment volume surged by 73% to \$50 billion from the COVID-suppressed level in Q4 2020.

	Total (\$ billions)				Total (\$ billions)			
	Q4 2021	Q4 2020	Change (%)	Market Share (%)	Year Ending Q4 '21	Year Ending Q4 '20	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	135.6	62.7	116.2	45.9	315.4	145.4	117.0	42.3
Industrial	64.4	41.6	54.7	21.8	160.2	105.0	52.5	21.5
Office	50.1	29.0	72.7	17.0	136.3	87.8	55.2	18.3
Retail	30.7	14.0	119.4	10.4	74.0	40.3	83.6	9.9
Hotel	11.8	4.9	142.1	4.0	42.6	12.6	238.4	5.7
Other	2.9	3.4	-15.1	1.0	18.0	10.5	71.3	2.4
Total	295.5	155.6	89.9	100.0	746.4	401.5	85.9	100.0
Single-Asset Investments Only								
Multifamily	90.2	48.1	87.3	48.0	233.1	110.9	110.1	44.9
Industrial	34.5	25.9	33.0	18.4	101.3	60.7	66.8	19.5
Office	35.1	21.1	66.5	18.7	98.7	67.3	46.8	19.0
Retail	17.6	9.7	81.0	9.4	52.9	32.9	61.0	10.2
Hotel	9.0	3.9	129.8	4.8	26.6	10.5	152.8	5.1
Other	1.4	1.7	-17.9	0.7	6.4	4.8	34.6	1.2
Total	187.7	110.5	69.9	100.0	519.0	287.1	80.8	100.0
Portfolio Asset Investments Only								
Total	81.4	43.1	89.0		186.5	97.8	90.6	
Entity-Level Asset Investments Only								
Total	26.4	2.1	1171.2		40.8	16.6	146.1	

Note: Total for All Types includes single-asset, portfolio and entity-level transactions. Some numbers may not total due to rounding.
 Source: CBRE Research, Real Capital Analytics, Q4 2021.

Figure 3
Top 20 markets
for total investment volume
in 2021

- Los Angeles was the leading market for investment volume in 2021 with \$58 billion, followed by New York with \$49 billion and Dallas with \$41 billion.
- Of the top 20 markets for total annual volume in 2021, Houston grew fastest with volume up by 191% to \$26 billion.



Note: Volume excludes development site transactions.
 Source: CBRE Research, Real Capital Analytics, Q4 2021.

Figure 4
Investment volume by metro & property type, year ending Q4 2021

Overall Investment

Rank	Metro	Volume (\$m)	Growth (Y-o-Y)
1	Las Vegas	9,653	231.8%
2	Houston	25,790	190.5%
3	South Florida	27,860	178.6%
4	Austin	15,606	168.4%
5	San Diego	14,940	165.6%
6	Orlando	12,296	156.7%
7	Phoenix	29,072	136.5%
8	Baltimore	8,454	132.4%
9	Atlanta	35,072	132.0%
10	San Antonio	7,807	118.3%

Office Investment

Rank	Metro	Volume (\$m)	Growth (Y-o-Y)
1	Austin	3,525	410.4%
2	Richmond	939	359.5%
3	South Florida	5,231	227.7%
4	Baltimore	1,398	195.1%
5	Atlanta	3,981	185.1%
6	San Diego	3,904	167.4%
7	Orlando	845	127.7%
8	St. Louis	762	118.4%
9	Tampa	984	114.0%
10	Salt Lake City	920	110.2%

Industrial Investment

Rank	Metro	Volume (\$m)	Growth (Y-o-Y)
1	St. Louis	1,915	144.9%
2	Sacramento	1,499	143.8%
3	Austin	1,387	142.5%
4	Phoenix	6,227	126.6%
5	San Diego	2,887	120.3%
6	Las Vegas	2,259	116.1%
7	Indianapolis	2,860	101.8%
8	Columbus	2,140	92.3%
9	Salt Lake City	1,638	90.2%
10	Memphis	2,205	89.5%

Multifamily Investment

Rank	Metro	Volume (\$m)	Growth (Y-o-Y)
1	Las Vegas	4,891	394.3%
2	Houston	15,703	379.0%
3	South Florida	13,105	240.3%
4	Orlando	7,845	211.6%
5	Baltimore	4,085	205.1%
6	San Antonio	4,933	174.0%
7	San Diego	5,393	173.9%
8	Seattle	8,266	170.1%
9	Nashville	4,873	164.7%
10	Raleigh/Durham	6,235	150.9%

Retail Investment

Rank	Metro	Volume (\$m)	Growth (Y-o-Y)
1	Seattle	1,824	248.8%
2	Phoenix	2,463	217.8%
3	Houston	2,584	210.6%
4	Baltimore	661	205.4%
5	Las Vegas	1,101	190.6%
6	Boston	1,796	172.5%
7	Atlanta	2,624	170.9%
8	Dallas/Ft. Worth	3,200	164.1%
9	San Diego	1,164	142.0%
10	Charlotte	879	111.4%

Hotel Investment

Rank	Metro	Volume (\$m)	Growth (Y-o-Y)
1	Seattle	1,184	1612.0%
2	Tampa	884	1284.8%
3	Florida Panhandle	398	1181.3%
4	Salinas	415	808.7%
5	Portland	409	757.4%
6	Orlando	1,322	610.1%
7	Charleston	562	608.1%
8	Houston	854	497.2%
9	South Florida	2,228	455.1%
10	Atlanta	1,670	354.8%

Note: Tables ranked by highest percentage growth relative to prior trailing 4-quarter period among top 30 metros by volume.

Source: CBRE Research, Real Capital Analytics, Q4 2021.

Figure 5
Investment volume by buyer type,
Q4 2021 vs. Q4 2020

- Private buyers accounted for the largest share of Q4 investment volume with \$143 billion.
- REITs/public companies had the largest year-over-year growth rate in Q4 of 153%.
- Foreign buyers increased their investment volume by 115% year-over-year in Q4 to \$29 billion.

	Volume (\$ billions)			Market Share (%)		Net Buyer/Seller	Ratio of**	
	Q4 2021	Q4 2020	Change (%)	Q4 2021	Q4 2020		Q4 2021	Acquisitions to Dispositions
Private	142.8	83.6	70.9	48.3	53.7	Net Seller	-	1.2
Institutional	68.5	35.8	91.0	23.2	23.0	Net Buyer	1.1	-
REITs/Public Companies	34.8	13.7	153.4	11.8	8.8	Net Buyer	1.1	-
Cross-Border	29.1	13.5	115.1	9.8	8.7	Net Buyer	1.9	-
Other*	20.3	9.0	126.8	6.9	5.8	Net Buyer	1.4	-
Total	295.5	155.6	89.9	100.0	100.0			

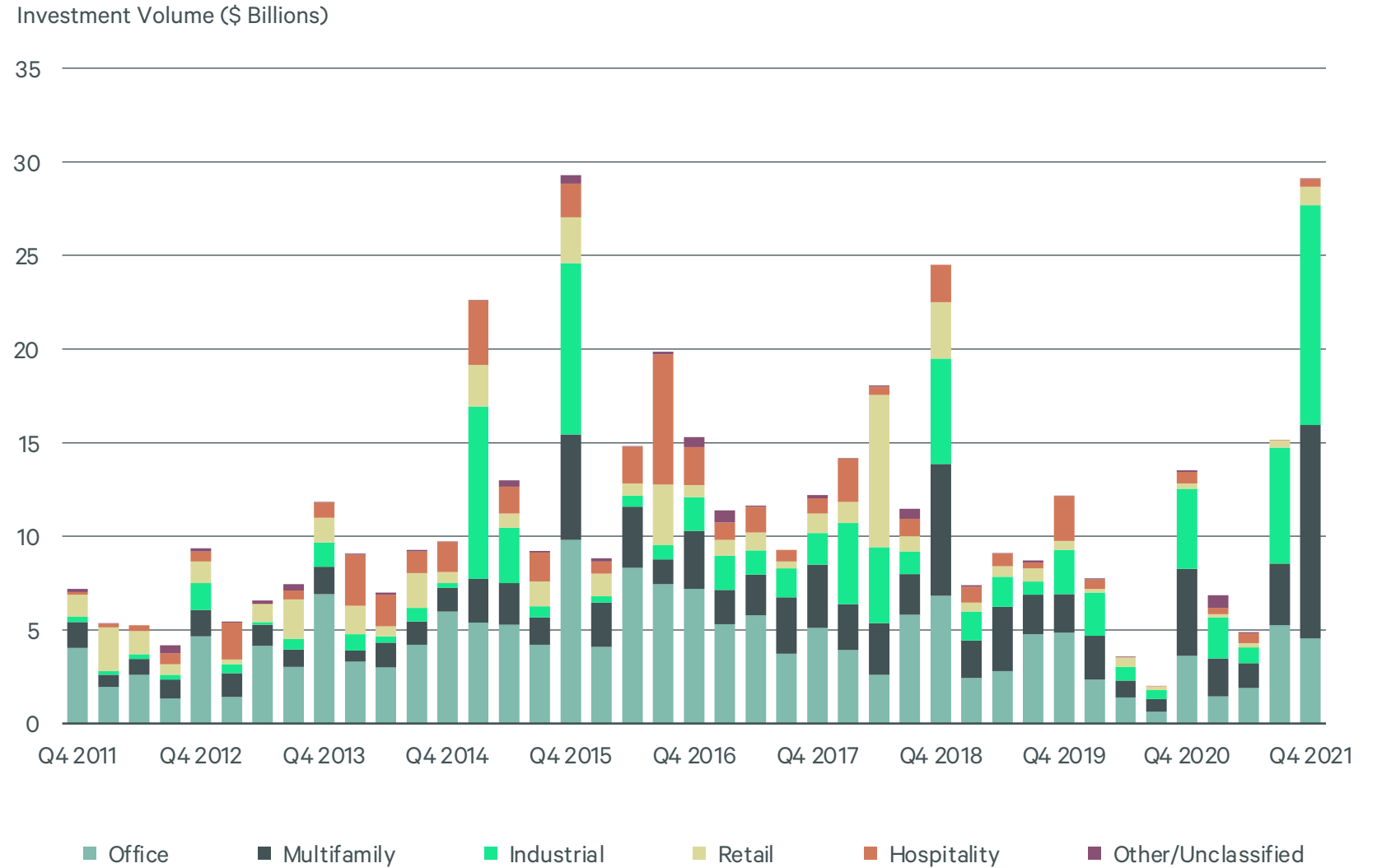
*Other = user, unknown, other types of investors.

**For example, for every \$1 disposition, institutional capital is acquiring \$1.2. Volume excludes development site transactions. Some numbers may not total due to rounding.

Source: CBRE Research, Real Capital Analytics, Q4 2021.

Figure 6 Cross-border investment by property type

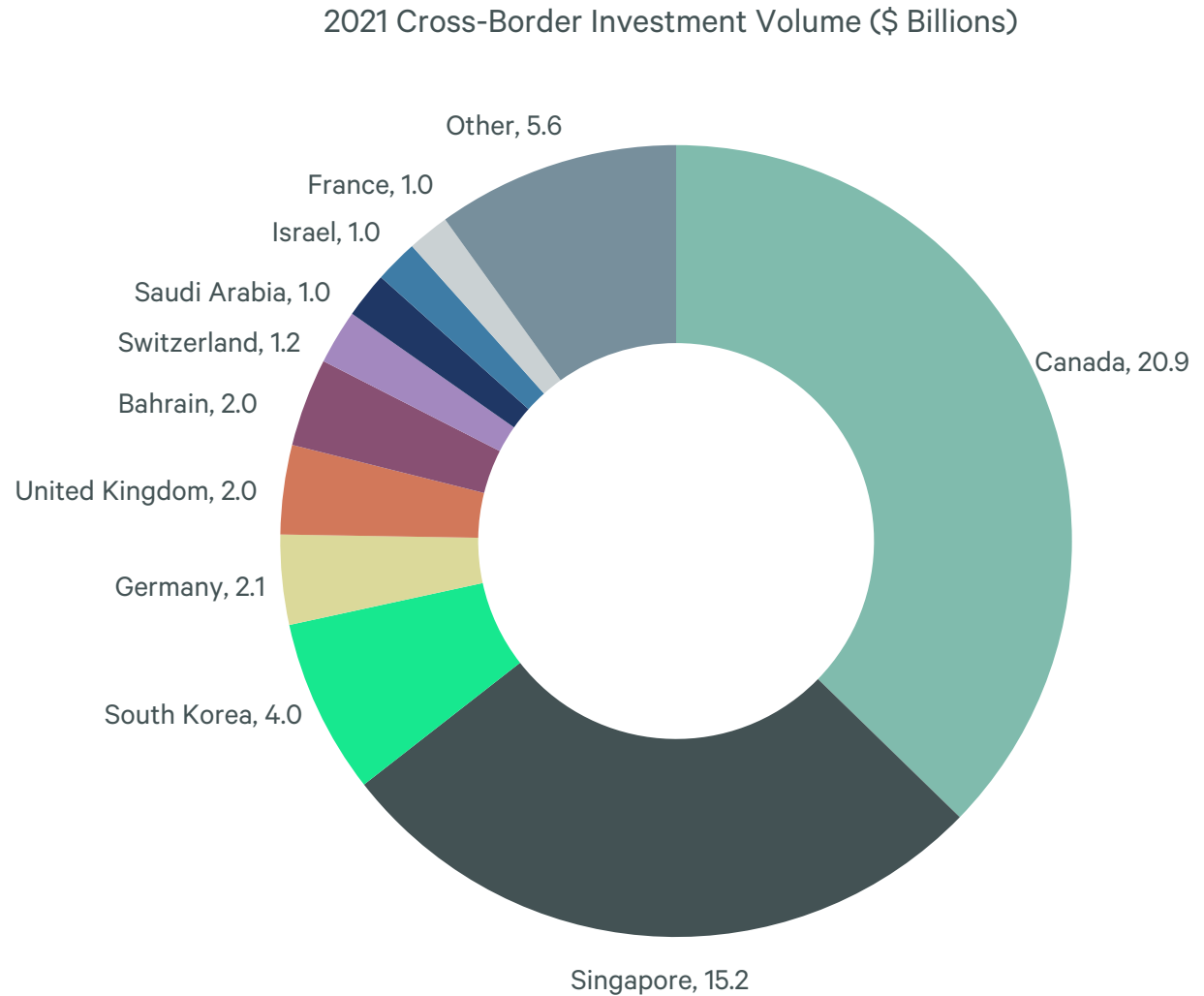
- Cross-border investment volume totaled \$29 billion in Q4, up by 123% from a year ago.
- Industrial assets accounted for the largest share of foreign investment in Q4 with 40%, followed by multifamily assets with 39%.



Source: CBRE Research, Real Capital Analytics, Q4 2021.

Figure 7
Cross-border investment
by country of origin,
year ending Q4 2021

- Canada was the largest source of foreign investment in the U.S. in 2021 at \$21 billion, followed by Singapore at \$15 billion.
- No other countries came close to these levels. South Korea was next with \$4 billion.



Source: CBRE Research, Real Capital Analytics, Q4 2021.

Figure 8 RCA Commercial Property Price Index

- The RCA Commercial Property Price Index increased by 23% year-over-year in 2021.
- Industrial & logistics assets recorded the largest year-over-year price increase of 29%.
- Office assets had the smallest year-over-year price increase of 14%.

Sector	December 2021	December 2020	2007 Peak	Dec-21 vs. 07 Peak (%)	Change Y-o-Y (%)
All	176	143	106	66.6	22.9
Office	134	118	108	24.0	14.1
Industrial	191	148	106	80.6	29.2
Retail	117	97	104	12.4	21.5
Multifamily	242	196	103	136.0	23.6
Hotel	127	109	113	11.9	16.8

Source: CBRE Research, Real Capital Analytics, Q4 2021. Based on repeat property sales. Sales are indexed from December 2006.

Figure 9 Stabilized property acquisitions pricing, average cap rates

- All sectors except for retail recorded year-over-year decreases in their average cap rate in 2021.
- Among subsectors, full-service hotels had the largest decrease in average cap rate by 92 basis points (bps).
- The industrial/flex subsector had the largest increase in cap rates of 18 bps on average.

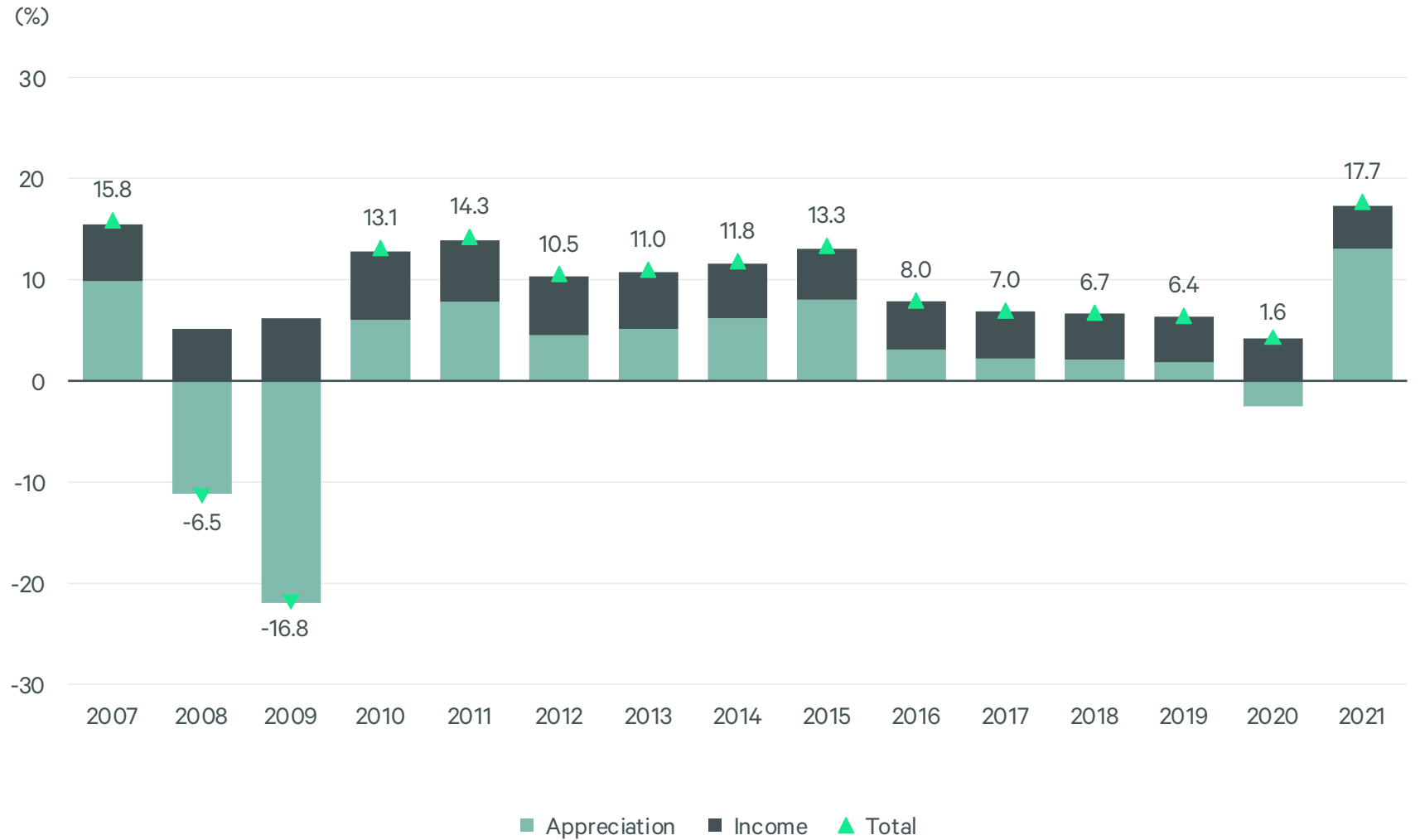
Property Sector & Segment	Spread Over 10-Year Treasury (bps)				
	Q4 2021	Q4 2020	Change (bps)	Q4 2021	Q4 2020
Office - CBD	5.60	5.64	-5	394	471
Office - Suburban	6.37	6.71	-34	471	578
Office - Total	6.31	6.50	-19	465	557
Industrial - Flex	6.02	5.85	18	436	492
Industrial - Warehouse	5.47	5.70	-23	381	477
Industrial - Total	5.59	5.74	-14	393	481
Retail - Shops	5.86	6.12	-26	420	519
Retail - Centers	7.10	7.21	-12	544	628
Retail - Total	6.44	6.44	0	478	551
Multifamily - Garden	4.69	5.05	-37	303	412
Multifamily - Mid/High-Rise	4.60	4.71	-11	294	378
Multifamily - Total	4.67	4.99	-32	301	406
Hotel - Full Service	7.46	8.38	-92	580	745
Hotel - Limited Service	8.60	8.88	-28	694	795
Hotel - Total	8.33	8.82	-49	667	789

Notes: These cap rates reflect all market activity tracked by Real Capital Analytics and therefore are higher than those of institutional-grade assets and premier markets alone. Spreads based on the 10-year Treasury rate at end of period.

Source: CBRE Research, Real Capital Analytics, U.S. Department of the Treasury, Q4 2021.

Figure 10 NCREIF Property Index returns

- Annualized NCREIF total return increased to 17.7% in 2021—the highest annual total since 2005. Appreciation was responsible for 13% while the income component contributed 4.24%.
- All five major commercial property sectors had year-over-year increases in total returns.



Source: CBRE Research, NCREIF, Q4 2021. All returns are reported on an unlevered basis.

Figure 11 Mortgage production, 2021 vs. 2020

- CMBS issuance remained robust, rising 181% year-over-year in Q4 and 104% in 2021 compared with 2020.
- Fannie Mae’s mortgage production fell by 24% and Freddie Mac’s by 27% year-over-year in Q4. The government-sponsored enterprises had been particularly active in supporting the multifamily market in Q4 2020, when many private capital sources had moved to the sidelines. Private capital returned to the market aggressively in 2021.

Lending Source		Total (\$ Billions)		Change (%)
Current Quarter	Period	2021	2020	
CMBS	Q4 2021	41.6	14.8	181.1
Fannie Mae	Q4 2021	20.7	27.1	-23.6
Freddie Mac	Q4 2021	25.4	34.6	-26.6
HUD	December 21	7.6	10.5	-27.6
Life Insurance Companies	Q3 2021*	19.3	10.1	91.1
Year-to-Date	Through	2021	2020	
CMBS	Q4 2021	110.6	54.2	104.1
Fannie Mae	Q4 2021	69.5	76.0	-8.6
Freddie Mac	Q4 2021	70.0	82.5	-15.2
HUD	December 21	32.0	24.8	29.0
Life Insurance Companies	Q3 2021*	48.6	29.9	62.5

*Note: Different time period.

Source: CBRE Research, Commercial Mortgage Alert, Fannie Mae, Freddie Mac, HUD, Q4 2021; American Council for Life Insurers, Q3 2021. Totals may not sum due to rounding.

Figure 12 Mortgage delinquency rates by lender or lender type

- Delinquency rates dropped for CMBS lenders in Q3 2021 (the most recent data available) to 4.86% from 5.68% in Q2 2021. Life insurance companies also saw a decrease in delinquency rates to 0.04% in Q3 from 0.05% in Q2.
- Bank delinquency rates for construction & development loans fell to 0.84% in Q4 from 0.88% in Q3. Bank delinquency rates for non-residential loans fell to 1.00% from 1.09% over the same period, while those for multifamily loans increased to 0.52% from 0.45%.
- Fannie Mae delinquency rates were unchanged quarter-over-quarter at 0.42%, while Freddie Mac delinquency rates fell to 0.08% from 0.12%.

Lender/Lender Type	Delinquency Definition*	Property Types	As of	Delinquency Rate (%)		
				Current	Prior Quarter	Prior Year
CMBS	30+	All	Q3 2021	4.86	5.68	8.60
Life Insurance Companies	60+	All	Q3 2021	0.04	0.05	0.17
Banks - Construction & Development	30+	All	Q4 2021	0.84	0.88	1.10
Banks - Non-Residential	30+	All	Q4 2021	1.00	1.09	1.18
Banks - Multifamily	30+	Multifamily	Q4 2021	0.52	0.45	0.39
Fannie Mae	60+	Multifamily	December 2021	0.42	0.42	0.98
Freddie Mac	60+	Multifamily	December 2021	0.08	0.12	0.16

*30+ and 60+ means loans that are 30+ or 60+ days delinquent are included in the count.

Notes: Delinquency rates are based on % of delinquent loan balance to the total outstanding loan balance. Fannie Mae's delinquency rate includes loans that are in forbearance.

Source: CBRE Research, Fannie Mae, Freddie Mac, Mortgage Bankers Association, Wells Fargo Securities, Intex Solutions, American Council of Life Insurers, Federal Deposit Insurance Corporation.

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