



U.S. Net Lease

Market Update

August 2022



Current state of the capital markets



Ample liquidity
Real-time price discovery underway

Transactions repricing vs. peak values; further pressure expected as rate hikes persist

Volatility/risk measures elevated as market participants grapple with the impacts and scale of inflation and Fed actions

Re-pricing initially debt-driven; **broader risk assessment now underway**

Investors are “stress-testing” based on future rate increases and potential for recession

Institutional and private capital generally not correlated, especially during market volatility

Owners of assets with significant gains will continue to be **active sellers**

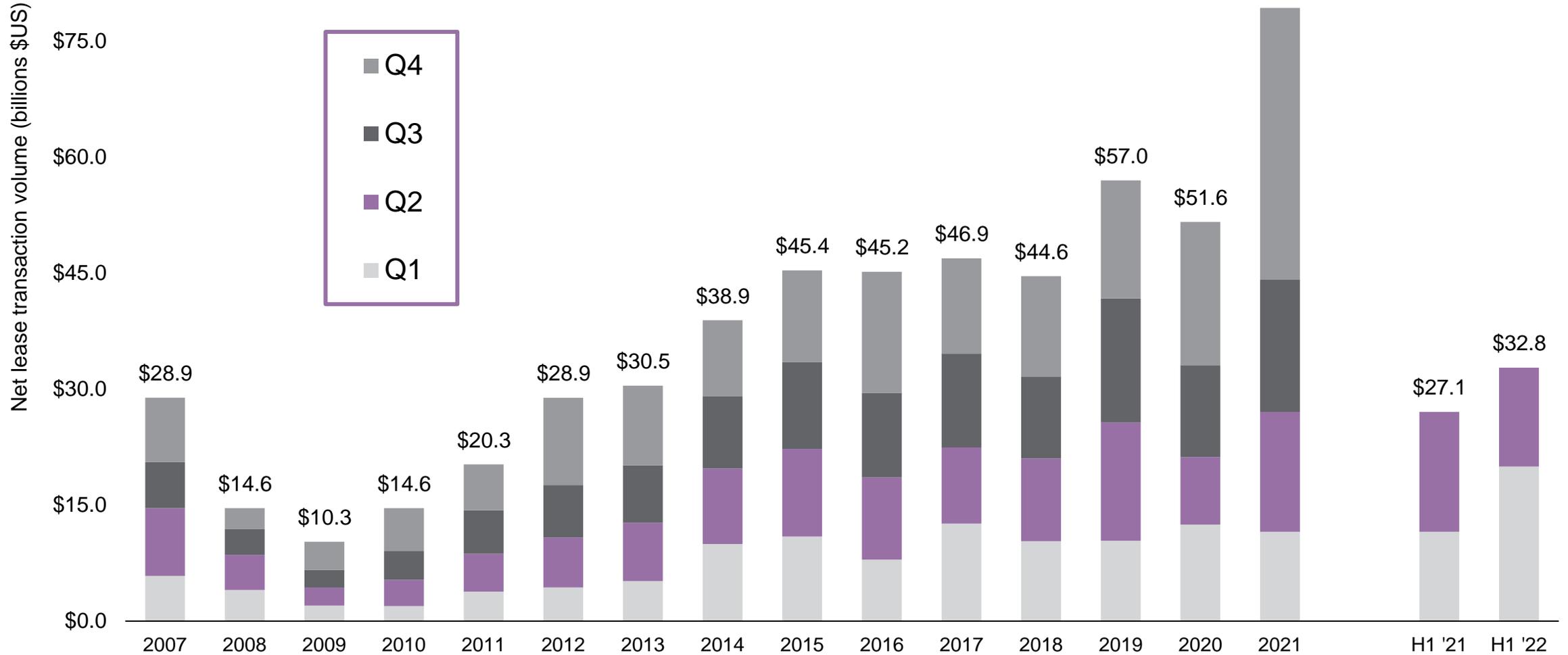
Debt markets are liquid but volatile, with upward pricing pressure across the board

Liquidity

Excluding entity-level deals, Q2 single tenant volume was off 20% from a record 1Q22



Single tenant transaction volume



Source: JLL Research, Real Capital Analytics (Transactions larger than \$5.0 million, includes entity-level transactions)

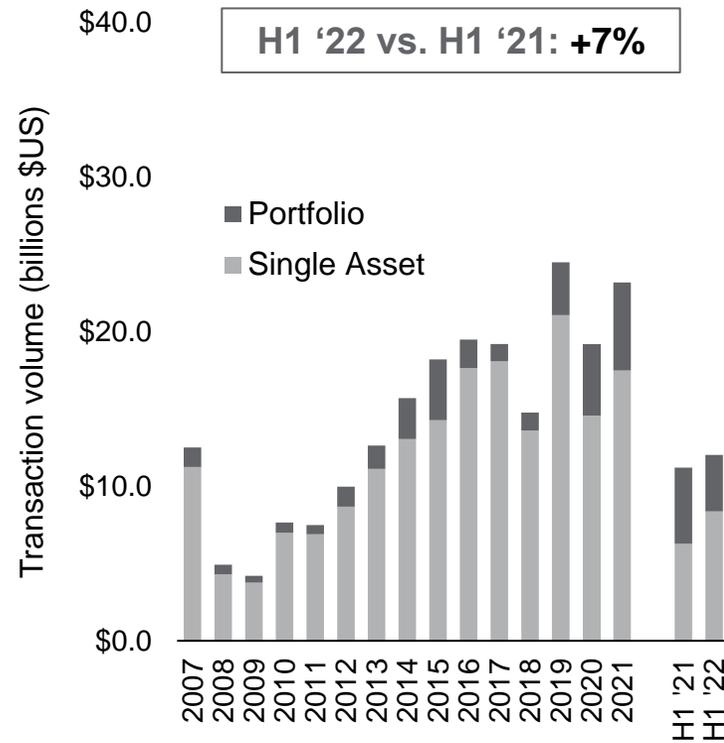
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Liquidity

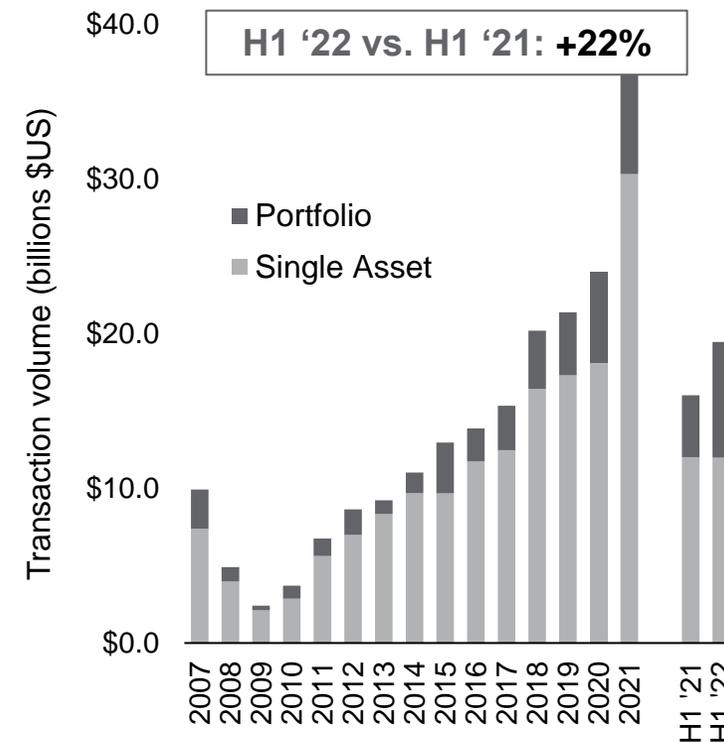
All sectors ahead of 2021 pace despite easing momentum in second half of Q2



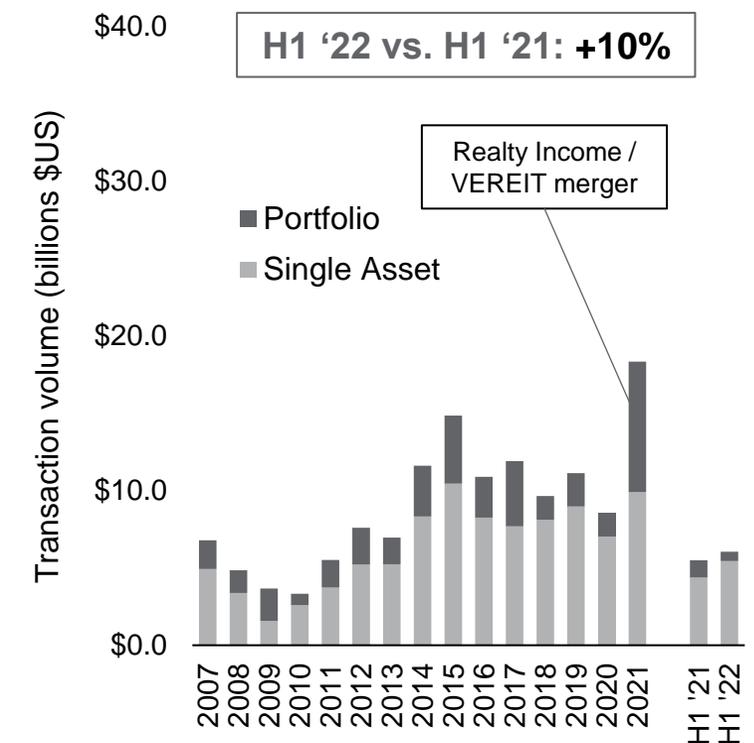
Office



Industrial



Retail



Source: JLL Research, Real Capital Analytics (Transactions larger than \$5.0 million, includes entity-level transactions)

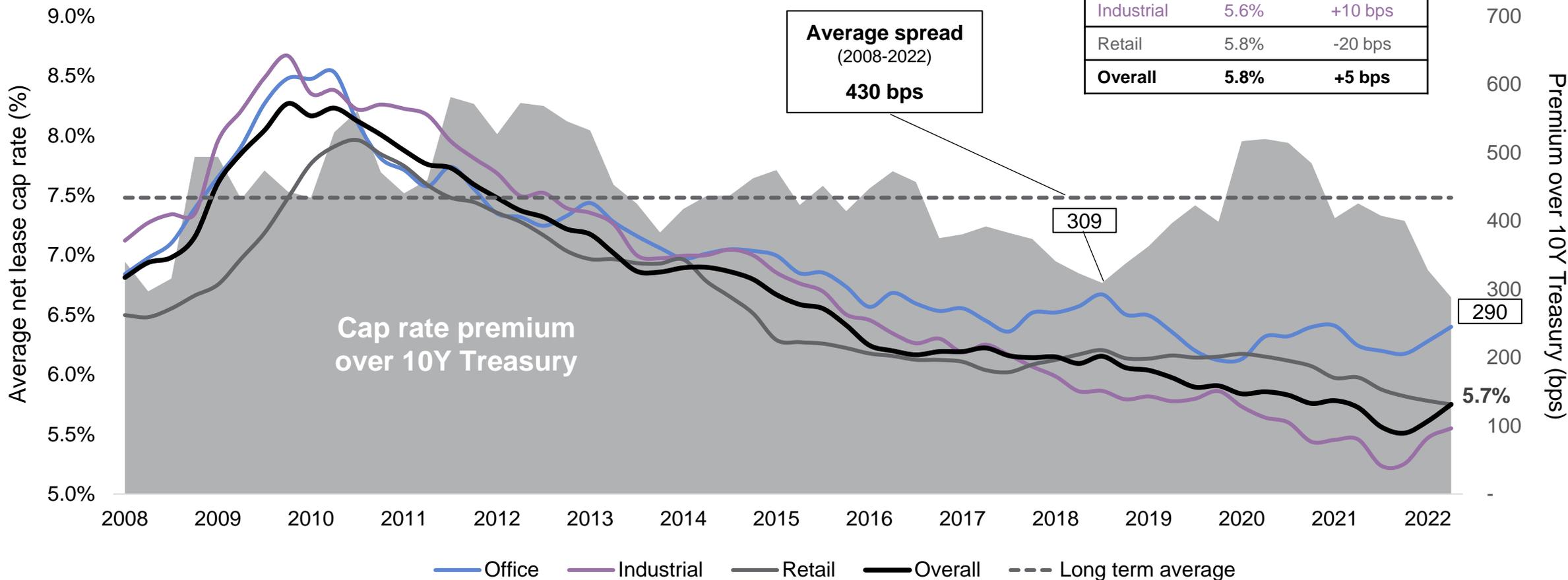
Pricing

Rising borrowing costs pushing net lease yields higher



Net lease cap rates by property sector

Sector	Cap Rate	YoY Change
Office	6.3%	+20 bps
Industrial	5.6%	+10 bps
Retail	5.8%	-20 bps
Overall	5.8%	+5 bps



Source: JLL Research, Real Capital Analytics, Bloomberg Finance, L.P. (Rolling 12-month average, office/industrial transactions \$10 million+, retail transactions \$2.5 million+, includes entity-level transactions, Treasury rate as of period-end)