Figure 2: Numberspeak: Factors affecting REIT valuations

Macroeconomic headwinds

Lending standards

Interest rates

Property prices

Investor activism

Negative returns and discounted REIT valuations

REIT valuation and returns by property type*

![Pie chart showing REIT valuation and returns by property type.]

However, CRE fundamentals remain robust

<table>
<thead>
<tr>
<th>Vacancy</th>
<th>Rent growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>6%</td>
</tr>
</tbody>
</table>

![Bar chart showing vacancy and rent growth.]

Net absorption (MSF)

![Bar chart showing net absorption (MSF).]

Deal value soared in 2016. 1H17 was slower than 1H16, but better than 2H16

M&A activity with REIT as target

![Bar chart showing M&A activity with REIT as target.]

Private acquirers give equal competition to public acquirers in 2017

Number of deals by acquirer’s ultimate parent status

![Bar chart showing number of deals by acquirer’s ultimate parent status.]

Active M&A market

Median deal multiples started to rise in 2017 after declining in the last two years

Deal multiples

![Line chart showing median deal multiples.]

Source: Q2 2017 Office and Industrial MarketBeat, Cushman & Wakefield; US Retail Outlook Q2 2016 and Q2 2017, JLL.

*Data center and infrastructure returns are as of July 31, 2017 while all others are as of July 26, 2017. Source: S&P Global Market Intelligence, FTSE NAREIT US Real Estate Index, NAREIT.