



# The Investor's Tour Salient Indicators\*

2018

**Survey Method:**

Overall Capitalization Rate <sup>1</sup>	Range	7.0%	to	14.0%
	Average			10.6%
Terminal / Residual Capitalization Rate <sup>2</sup>	Range	7.0%	to	13.0%
	Average			11.0%
Net Income Multiplier <sup>3</sup>	Range	1.0	to	12.0
	Average			8.2
Gross Income Multiplier <sup>4</sup>	Range	0.5	to	3.0
	Average			1.48
Discount Rate	Range	8.0%	to	21.0%
	Average			14.1%

**DCR & Band of Investment Method: <sup>5</sup>**

Overall Capitalization Rate	Range	8.7%	to	n/a
	Average			10.2%

**Growth Indicators:**

Income Growth Rate	Range	1.0%	to	4.0%
	Average			2.8%
Expense Growth Rate	Range	1.5%	to	4.0%
	Average			2.6%

**Operational Indicators:**

Management Fee as % of Gross Revenue	Range	1.0%	to	5.0%
	Average			3.3%
Capital Reserves as % of Gross Revenue	Range	2.0%	to	8.0%
	Average			2.8%

**Transaction Indicators:**

Marketing Period (Months)	Range	3 mos	to	18 mos
	Average			9.3
Broker Sales Commission	Range	1.0%	to	8.0%
	Average			3.9%

\* Excludes Significant Outliers.

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1 / Overall Capitalization reflects going-concern operations.  
 2 / Terminal or going-out Capitalization rates also reflect going-concern operations.  
 3 / Net Income Multiple (Price / Net Income) is the inverse of the Cap Rate.  
 4 / Predominate GIM range is 1.0x to 2.0x. GIM dependent on profit margin/loss, total revenue, etc.  
 5 / Typical information (LTV, DCR, etc.) derived from a survey of lenders and borrowers.





# The Lenders' Tour

## Salient Indicators

2018

LTV (Loan-to-Value)	Range	50.0%	to	90.0%
	Average			67%
Interest Rate	Range	5.0%	to	13.0%
	Average			7.3%

### Common Indices (April 3, 2018):

Prime Rate	4.75%
Libor 3 months	2.32
Libor 6 months	2.46
Libor 1 Year	2.67

Call Period (Years)	Range	5.0	to	15.0
	Average			7.2

Amortization Period (Years)	Range	15	to	25
	Average			20

DCR (Debt Coverage Ratio)	Range	1.0	to	2.2
	Average			1.34

Points	Range	0%	to	3.5%
	Average			1.1%

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