

U.S. Economy and Property Market Outlook

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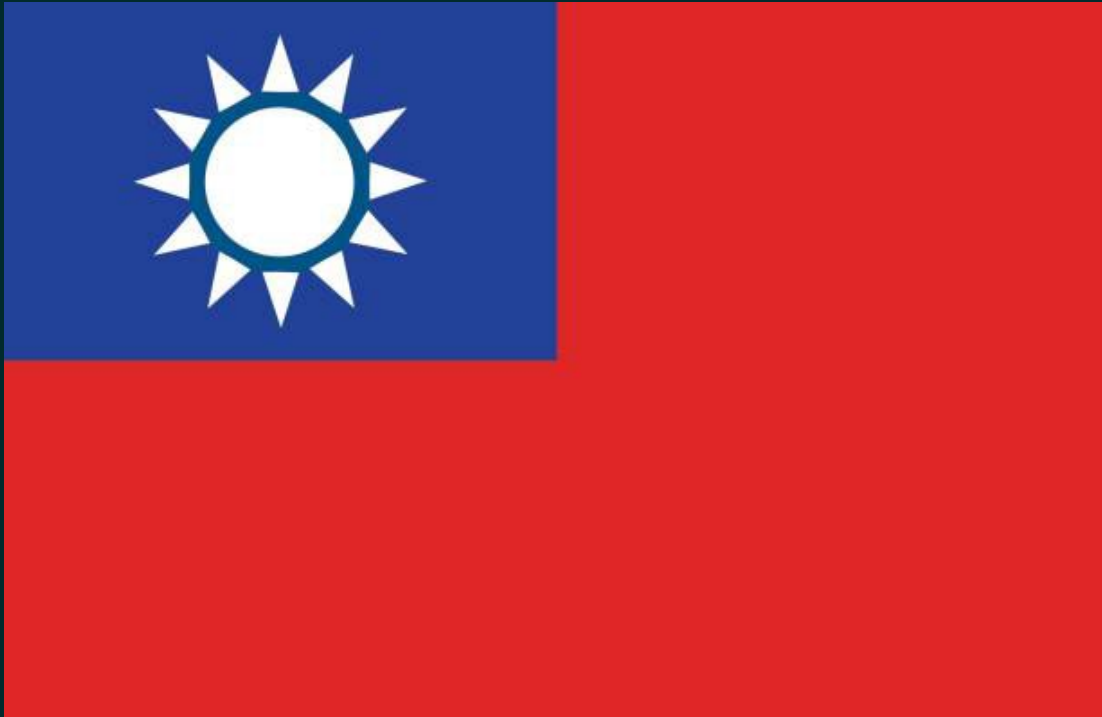
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Headwinds

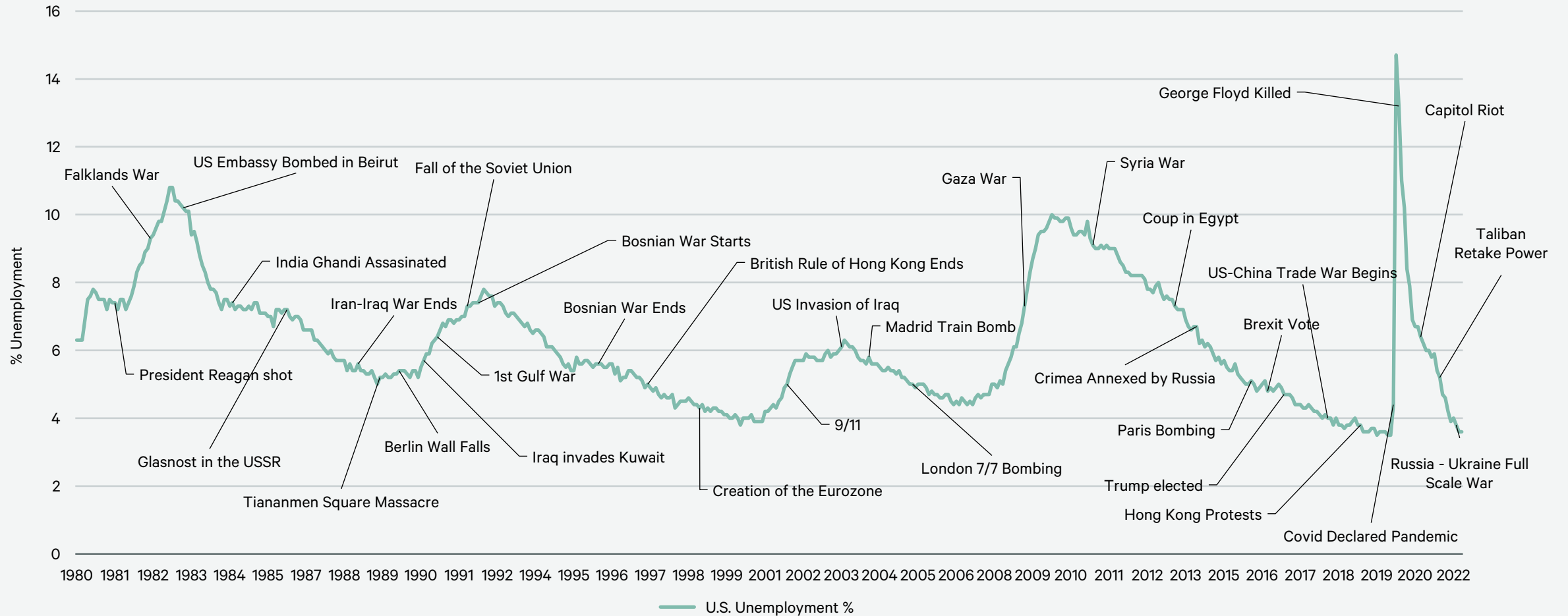
Ukraine



Taiwan

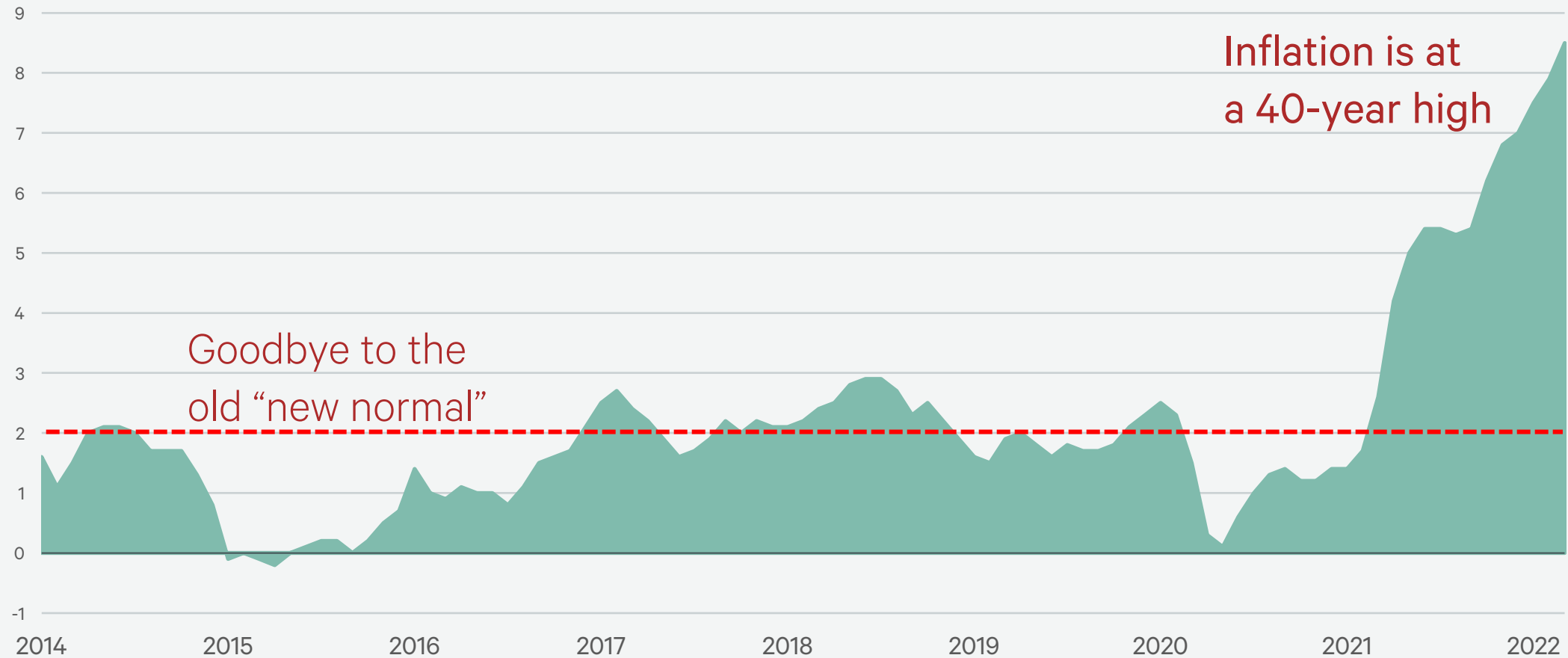
Geopolitics Does Not Typically Derail The U.S. Economy

U.S. Economic Cycle as Indicated by Unemployment %



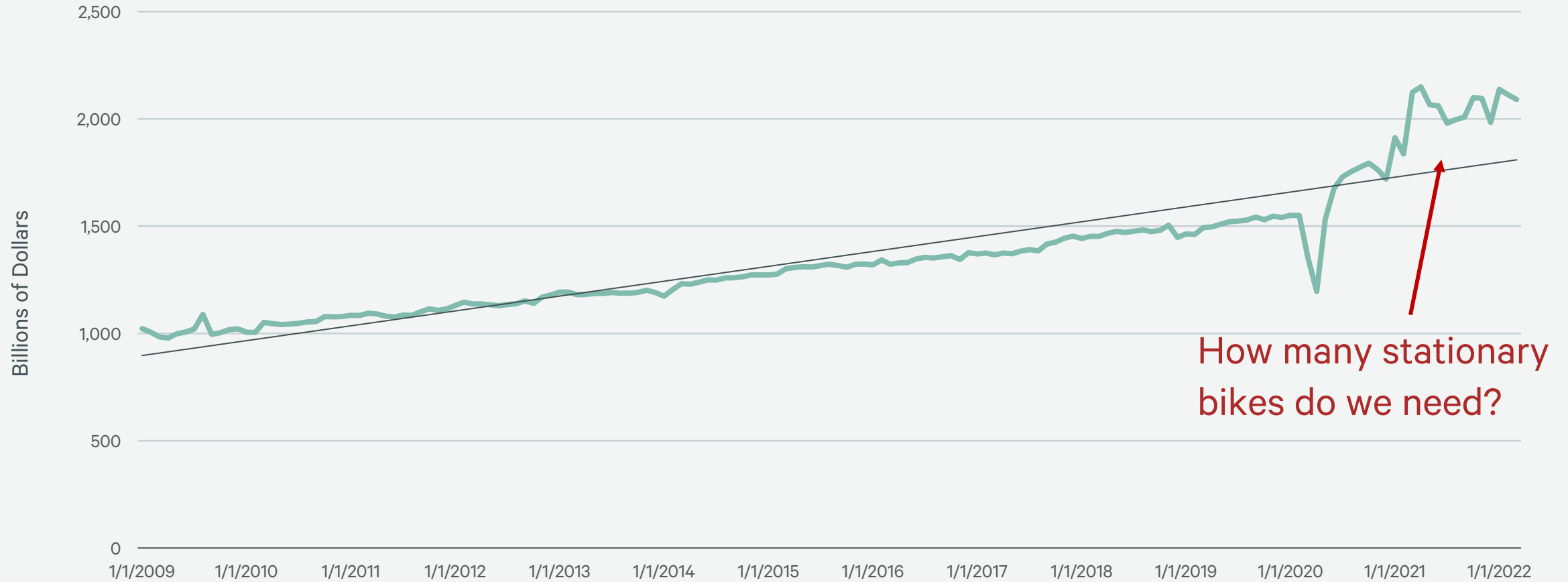
But We Do Have A Problem With Inflation

Consumer Price Index (% Year Over Year)



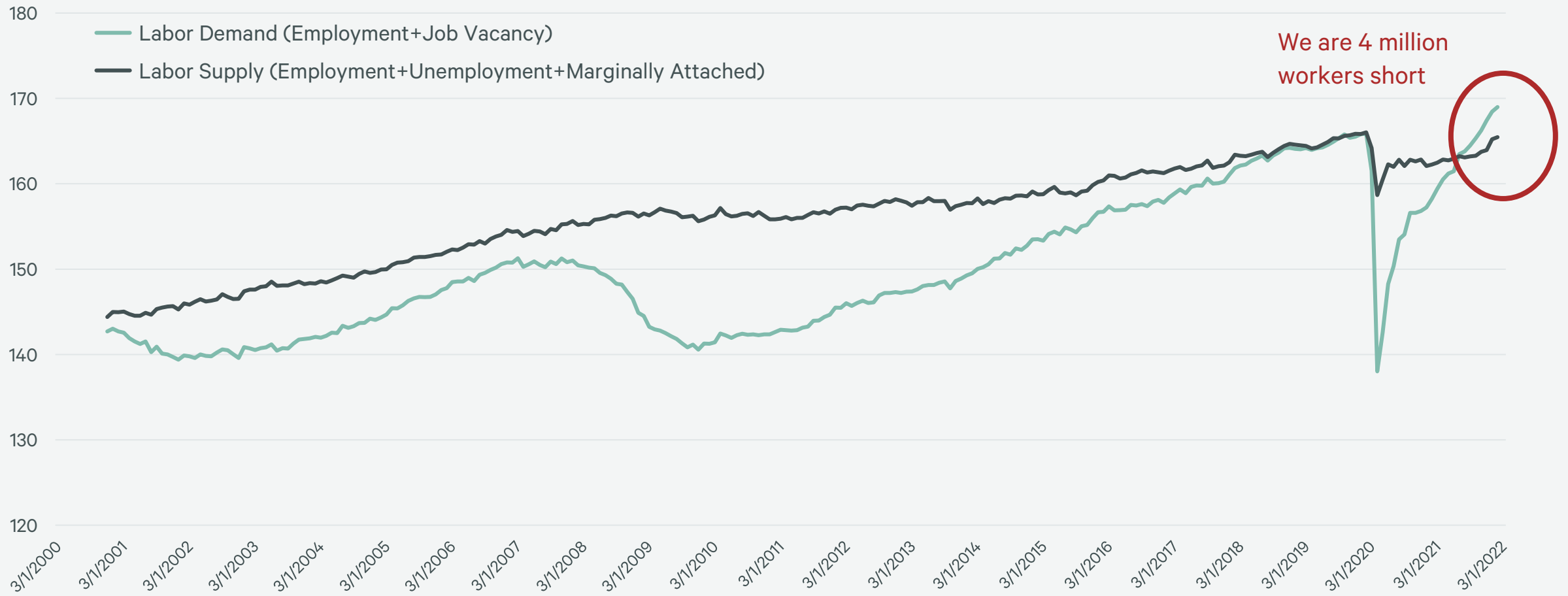
Inflation Started in the Goods Sector

Personal Consumption Expenditures – Durable Goods



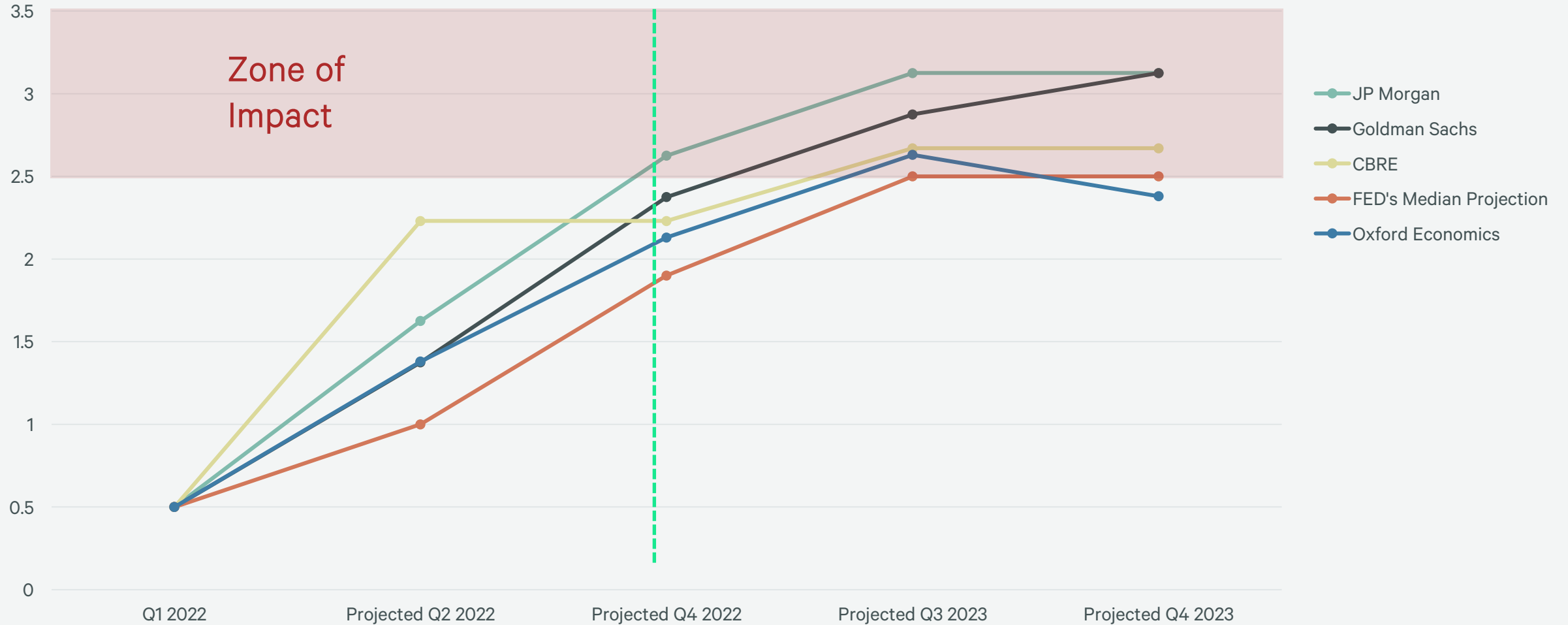
But Has Moved to the Labor Market

Millions



Source: BLS, CBRE Research

Expectations for Higher Interest Rates Have Risen

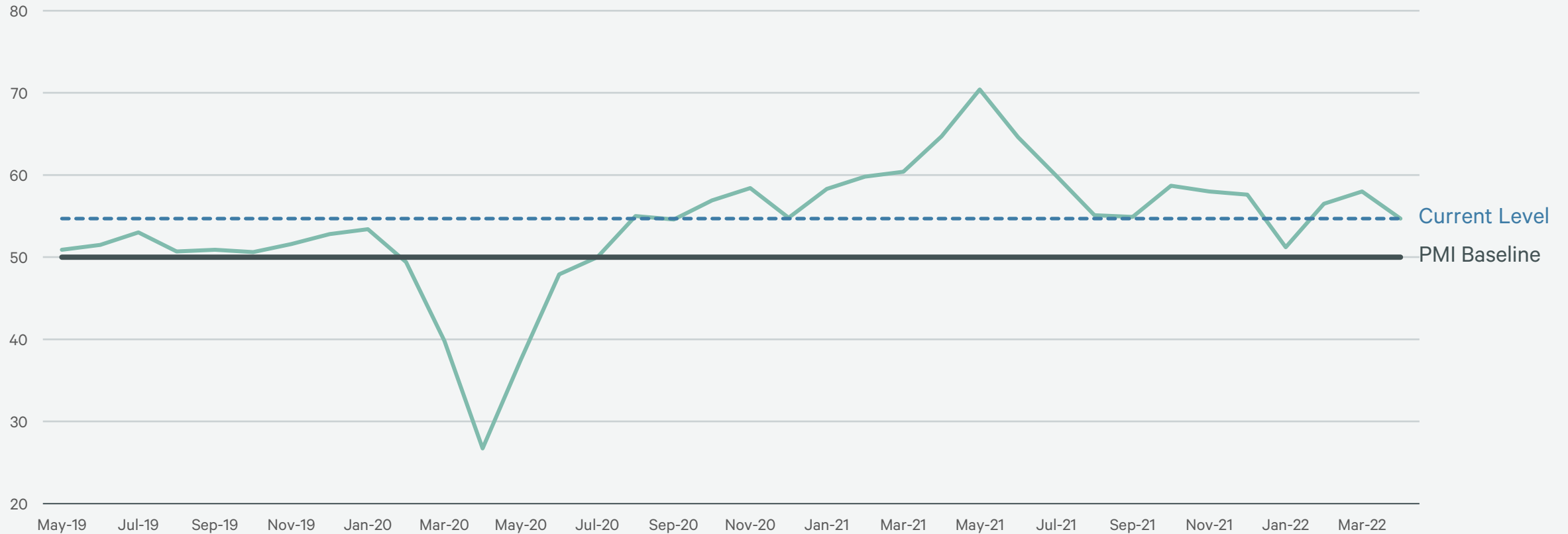


Source: Federal Reserve, WSJ Survey, CBRE Research, Q1 2022.

What is happening in the
economy right now?

Business Services Confidence Remains High

PMI Services Index



Source: Markit Business Survey, NBER, CBRE Research Q1 2022

Consumer Confidence is Fragile on the Future

US Consumer Confidence

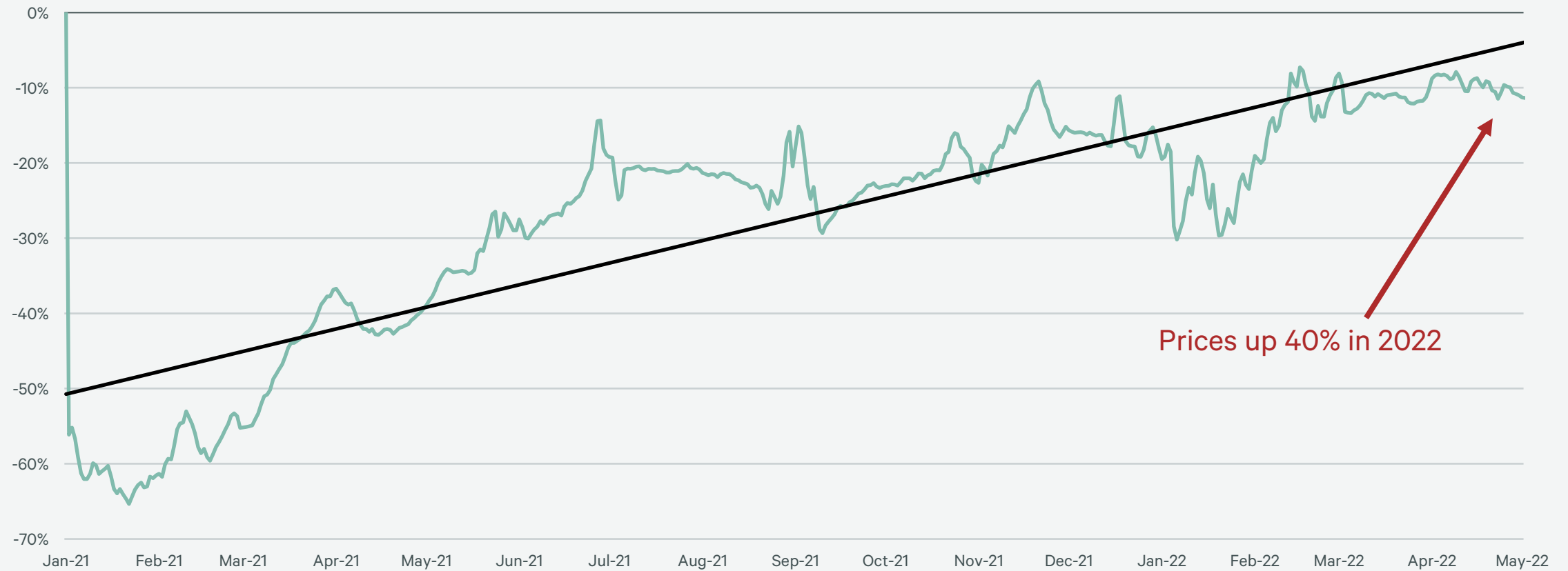


Source: Conference Board, CBRE Research, April 2022

Travel Has Almost Fully Recovered

Passengers at airport security

% change from 2019 levels

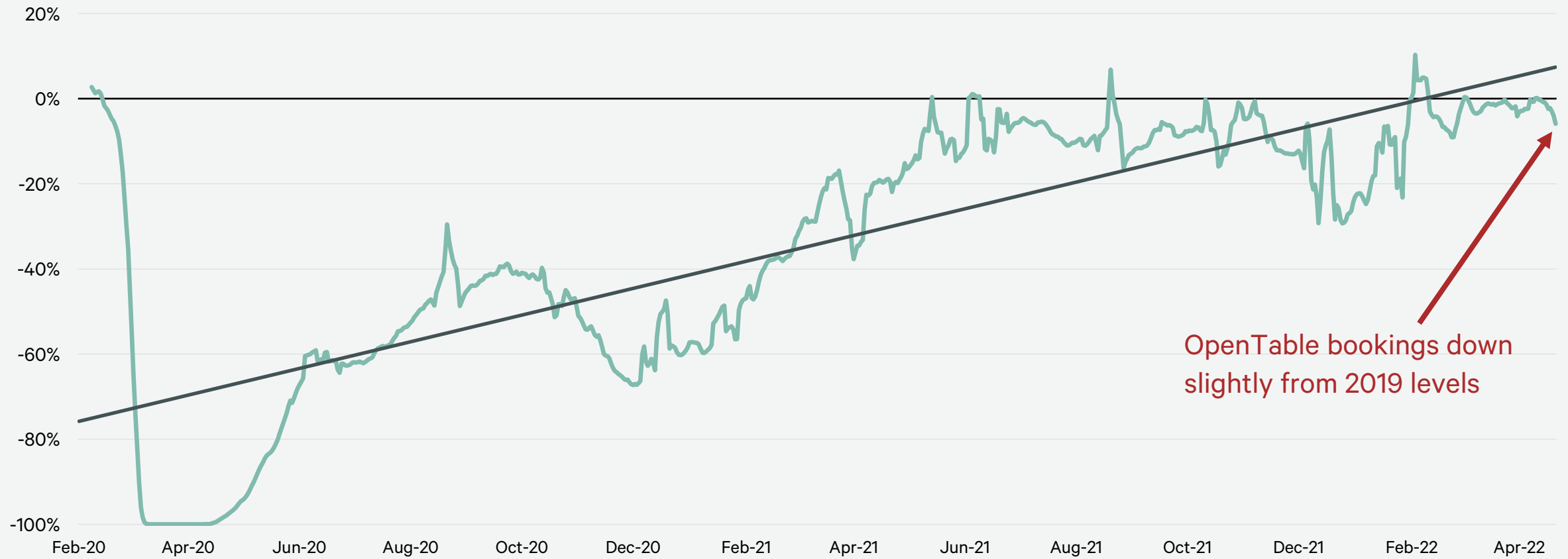


Source: TSA, CBRE Research, 9 May 2022.

Eating Out Is Recovered

U.S. OpenTable restaurant booking

7-day moving average, Y-o-Y %



OpenTable bookings down slightly from 2019 levels

Mortgage Rates Have Surged

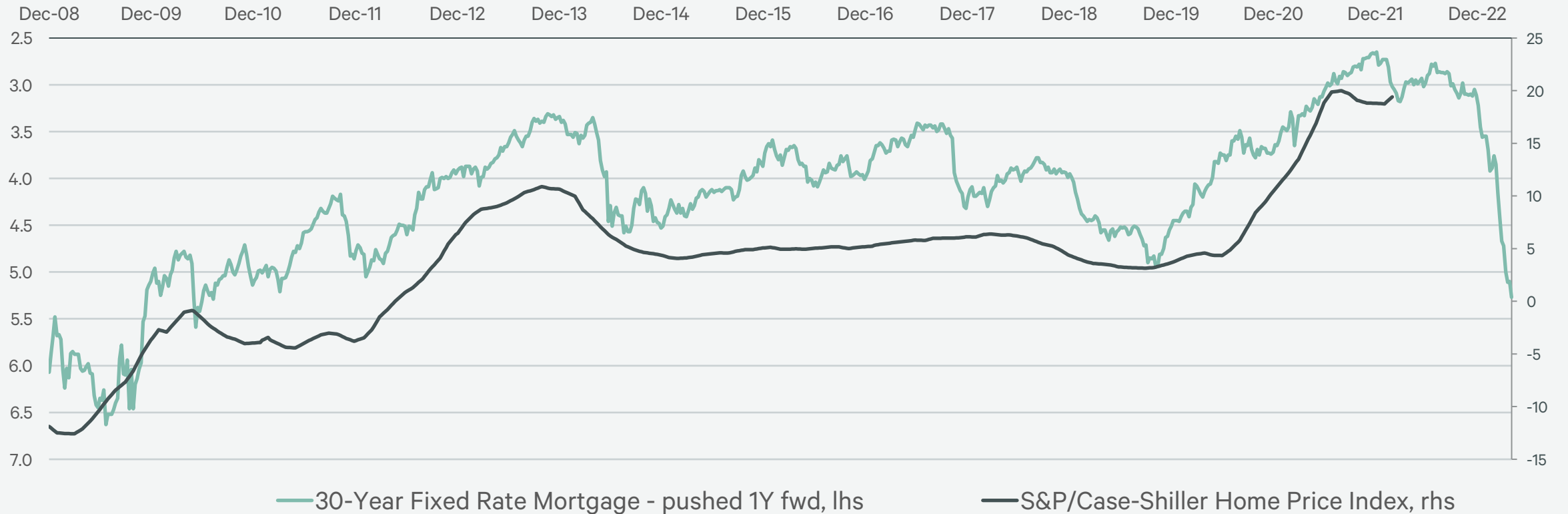
U.S. 30-Year Mortgage Rates



Source: Freddie Mac, CBRE Research, Q1 2022.

Home Prices Likely Heading Down

United States: mortgage rates vs. house price growth



Source: CBRE Research, Freddie Mac, S&P Dow Jones Indices, Q1 2022.

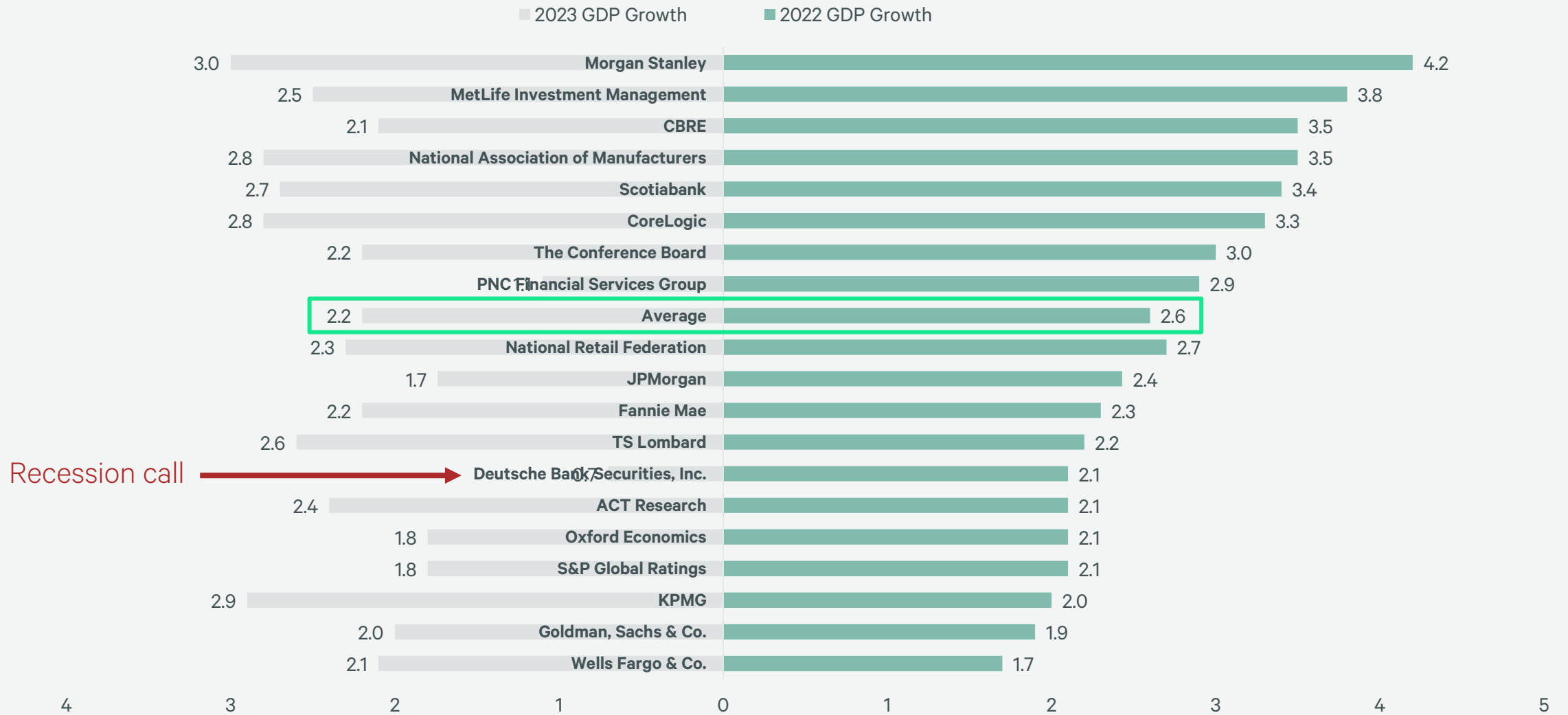
The mood has changed

Here's where GDP Forecasts were in January



Source: WSJ Survey, CBRE Research, Q1 2022.

And Here's Where They Are at Now



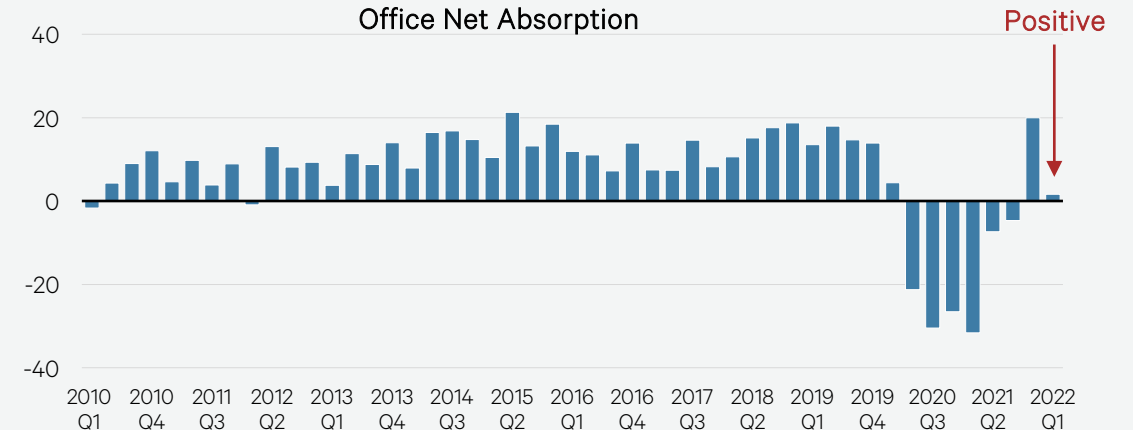
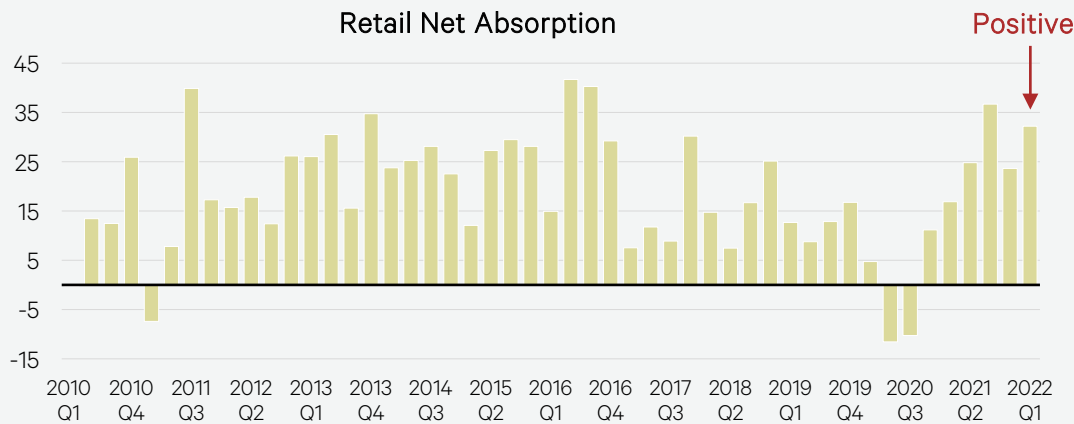
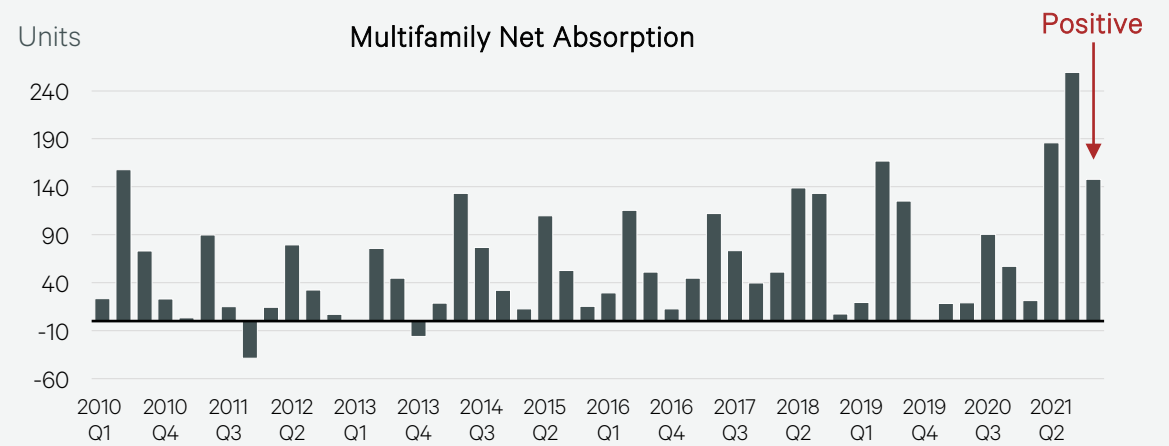
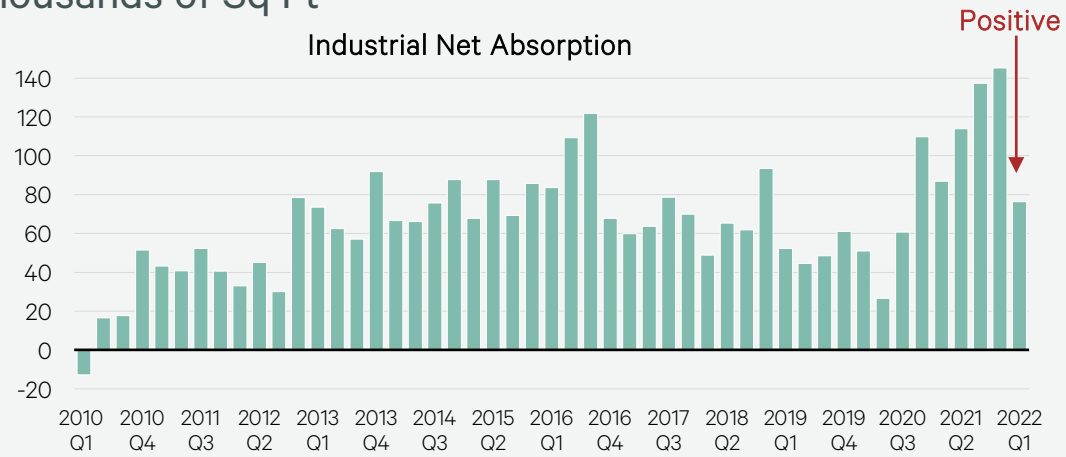
Source: WSJ Survey, CBRE Research, Q1 2022.

Real Estate Conditions

Q4 2021 Saw Real Estate in Full Recovery

U.S. Net Absorption by Sector

Thousands of Sq Ft

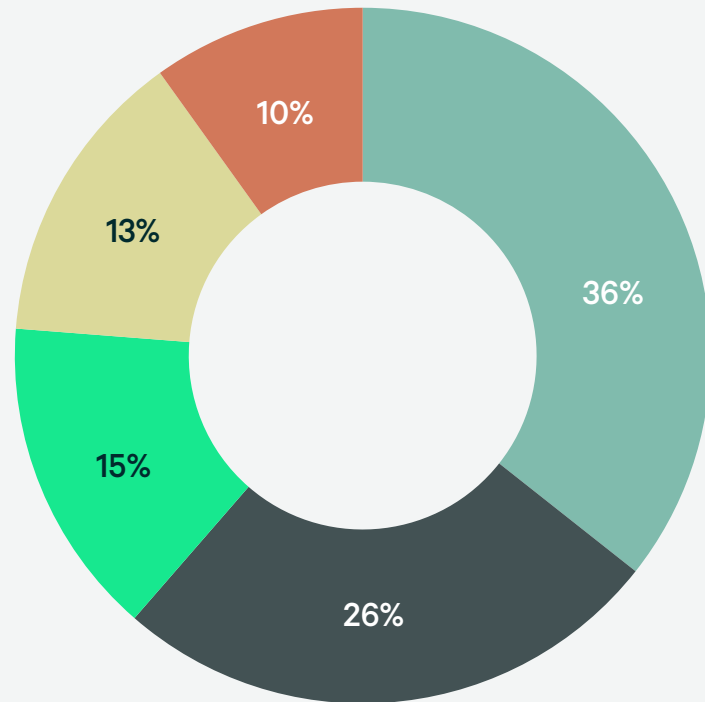


Source: CBRE Econometric Advisors, CBRE Research, Q3 2021

Office Themes

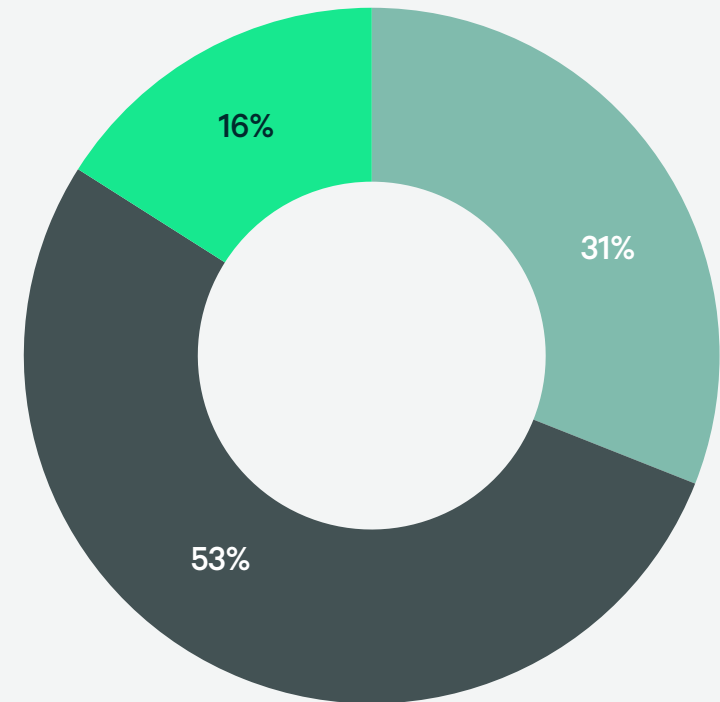
Return to Office is Gently Taking Place

When do you expect to encourage a more regular return to the office?



■ Already Underway ■ Q2 2022 ■ H2 2022 ■ Employee Discretion ■ Uncertain

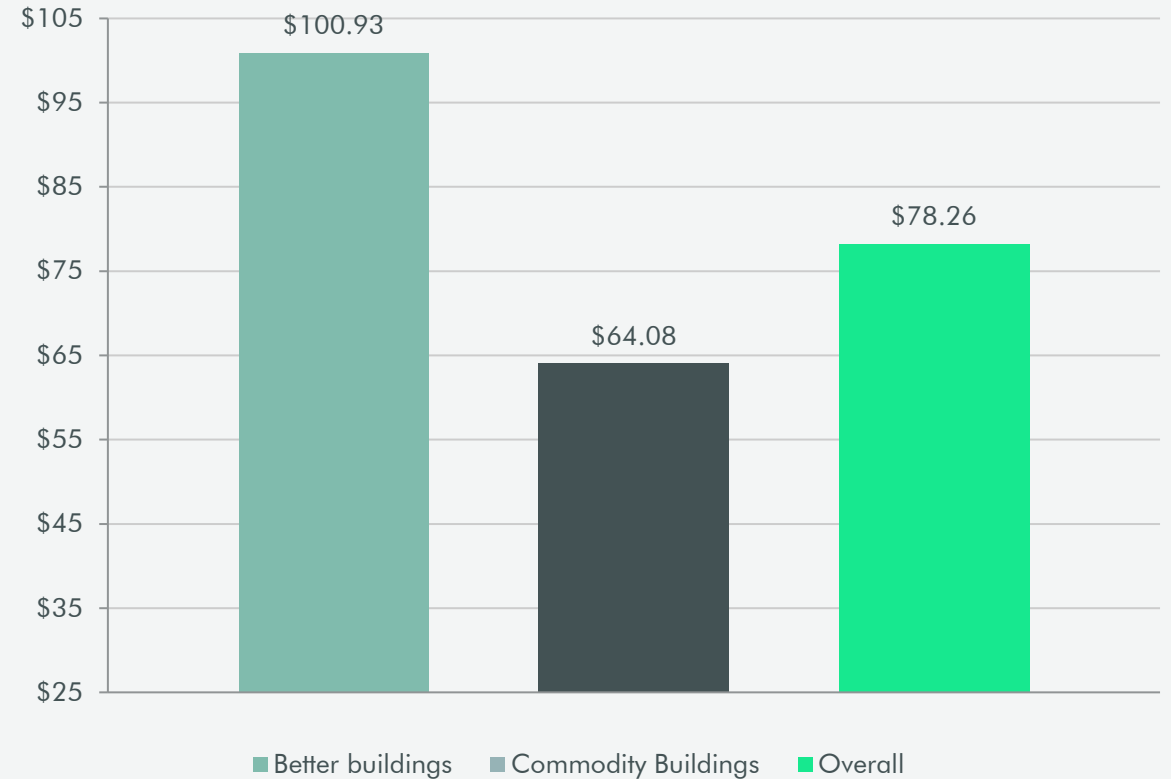
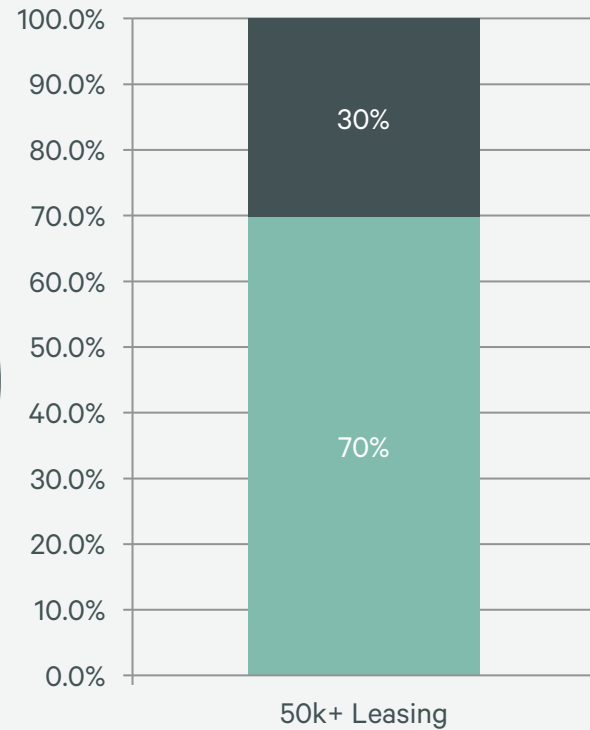
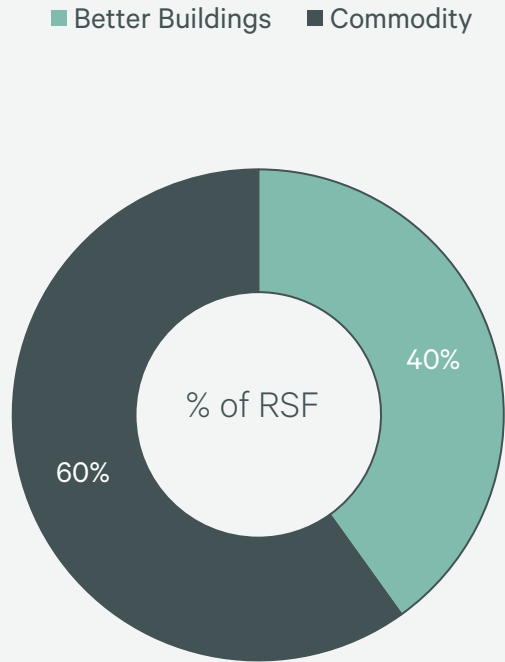
Which of the following best describes current guidance for most employees regarding return to office?



■ Required ■ Voluntary ■ Varies

Flight to quality is happening in office and Better Buildings Commanding a Premium

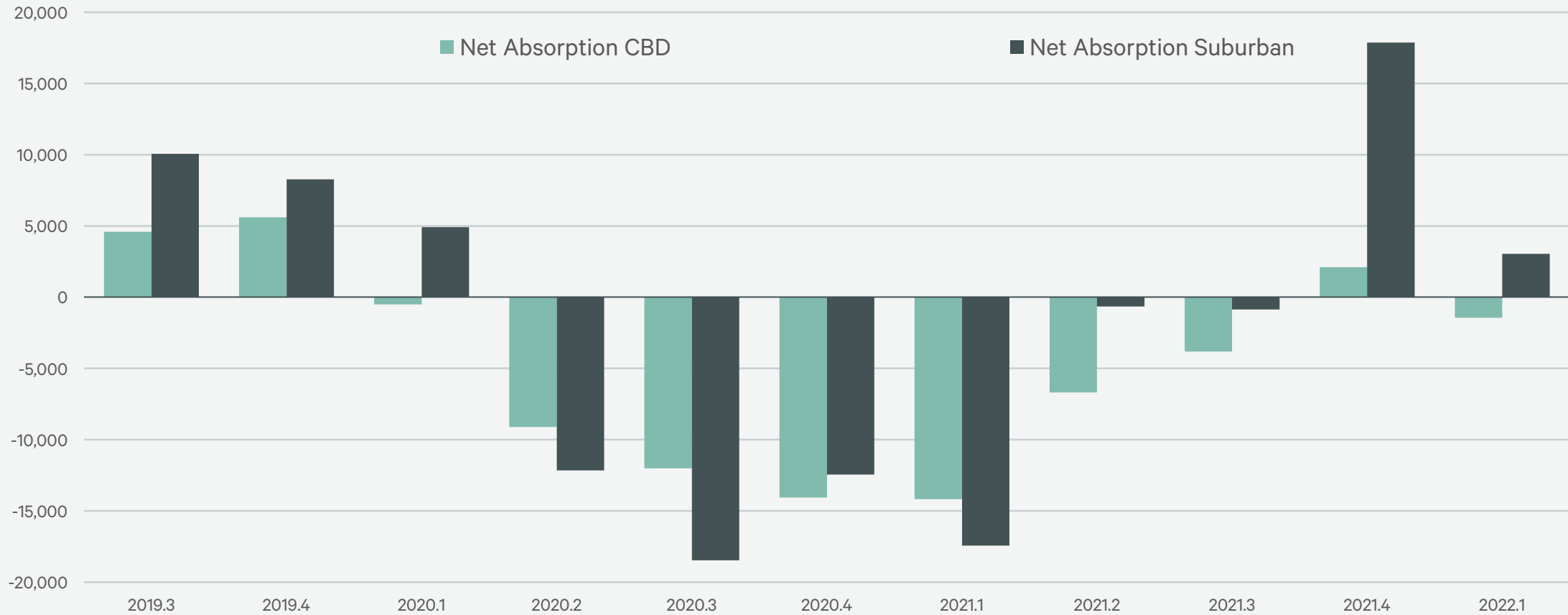
Manhattan Better Buildings



Source: CBRE Research, Leasing data includes activity from 2021 – YTD 2022 through April 2022

Suburban Markets Have Rebounded More Strongly Than CBD

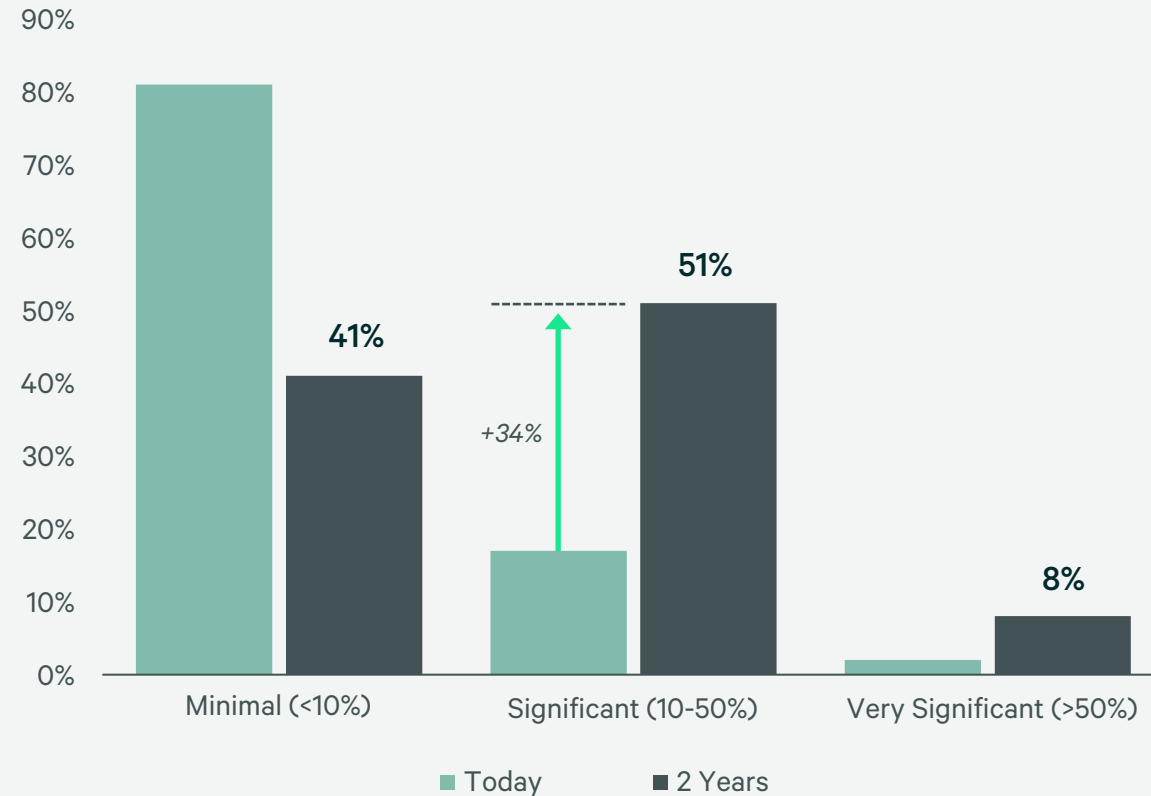
Net Absorption CBD vs Suburban (SF x 1000)



Source: CBRE Research, May 2022.

Corporates Are Seeking to Use More Flexible Office Space

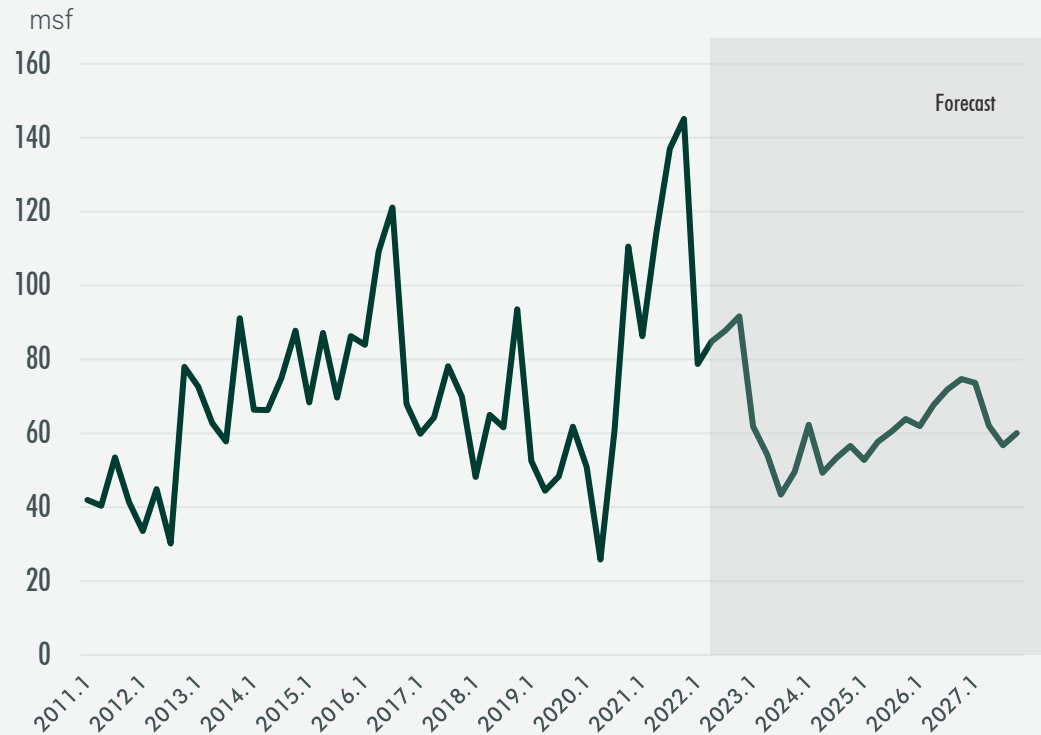
What percent of your portfolio is made up of flexible office space today? Over next two years?



Industrial

Industrial Net Absorption to Fall Back to More Normal Levels

Overall Net Absorption Outlook (MSF)



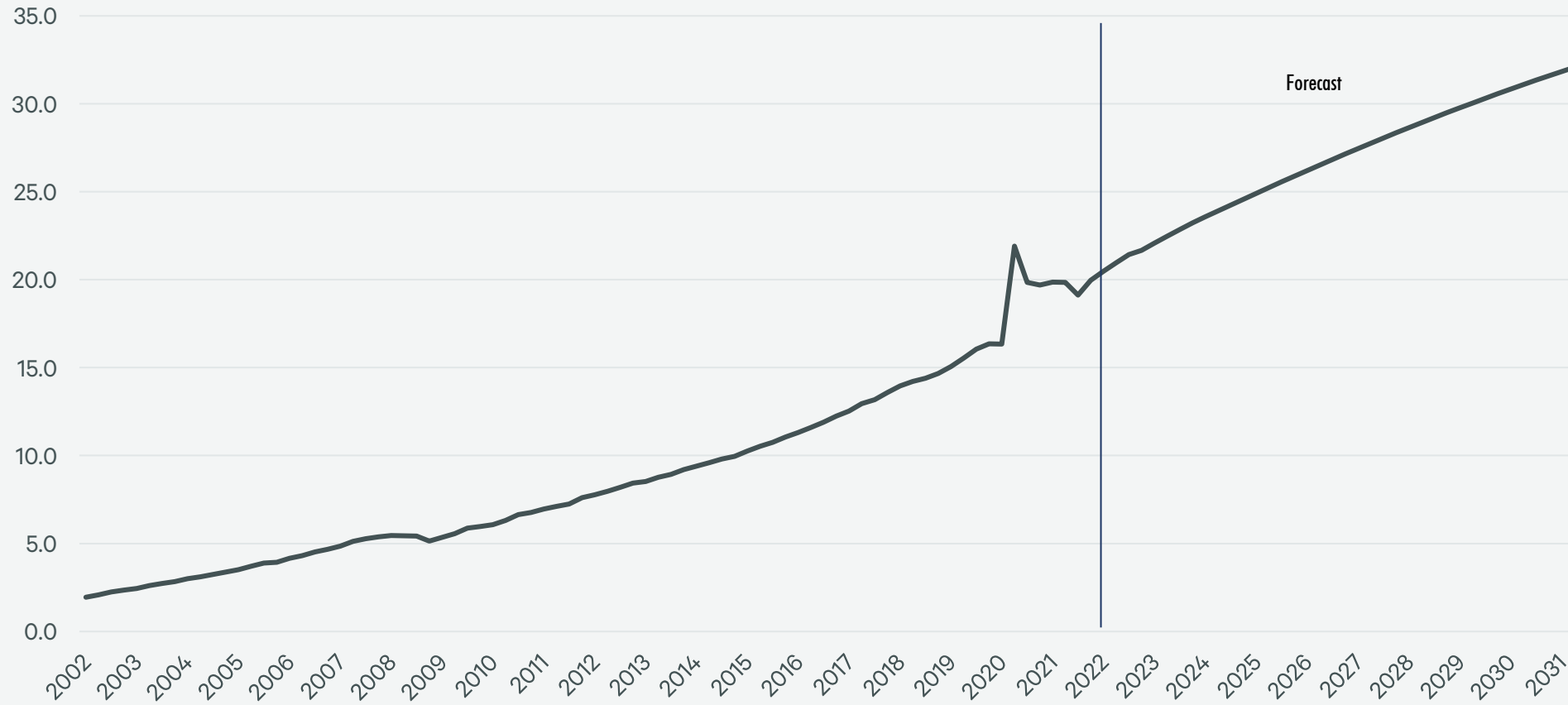
Top Markets for 5-Year Rent Growth Outlook

5-Year Rent Growth Forecast		
Ranking	Market	% Growth
1	Inland Empire	42.3%
2	Northern New Jersey	39.7%
3	Phoenix	39.3%
4	Las Vegas	39.2%
5	Austin	38.7%
6	Savannah	38.7%
7	Central New Jersey	38.5%
8	Dallas-Ft. Worth	35.6%
9	Atlanta	35.1%
10	Miami	34.5%

Note: Compares Q1 2022 asking rent with Q1 2027 forecasted rent.

E-commerce Remains a Key Tailwind

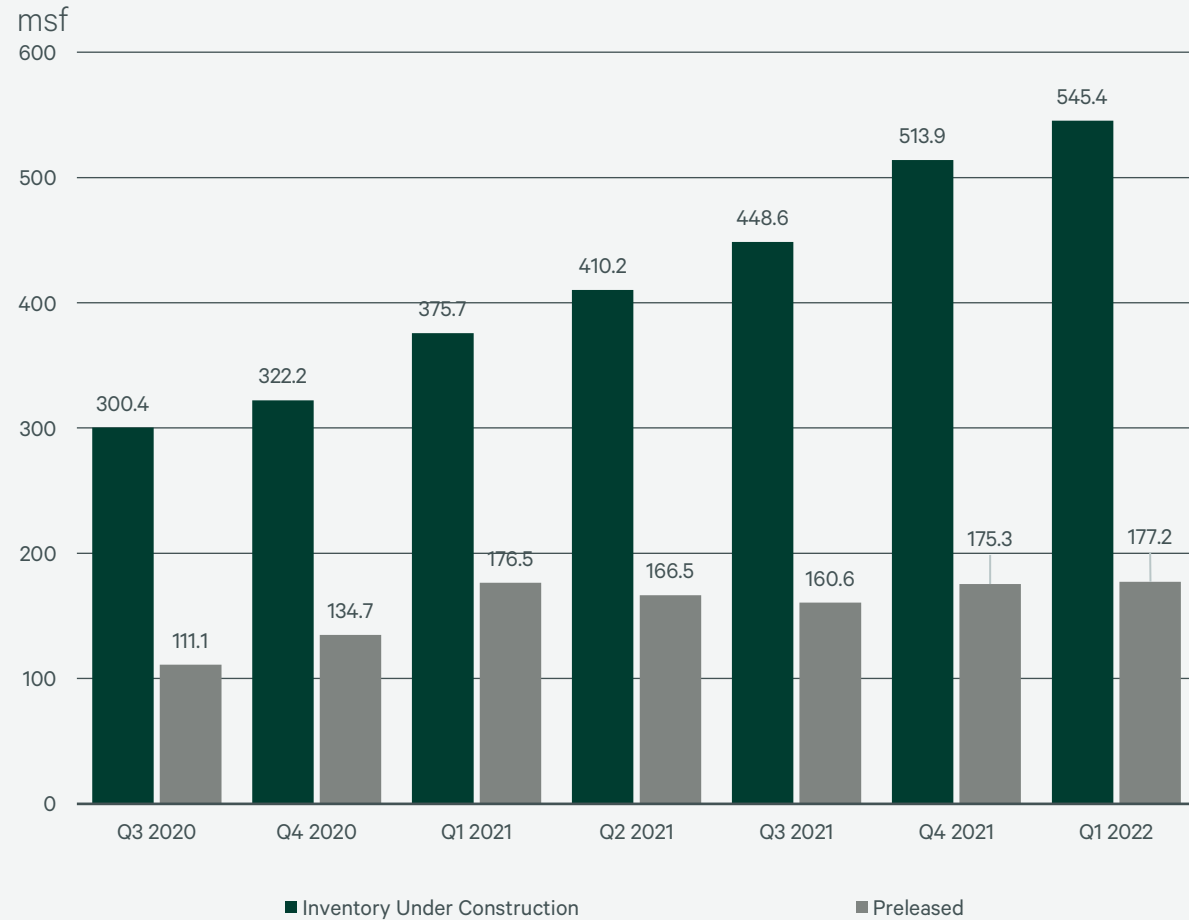
E-commerce Share of Total Retail Sales ex Motor Vehicles and Gas Inflation Adjusted (%)



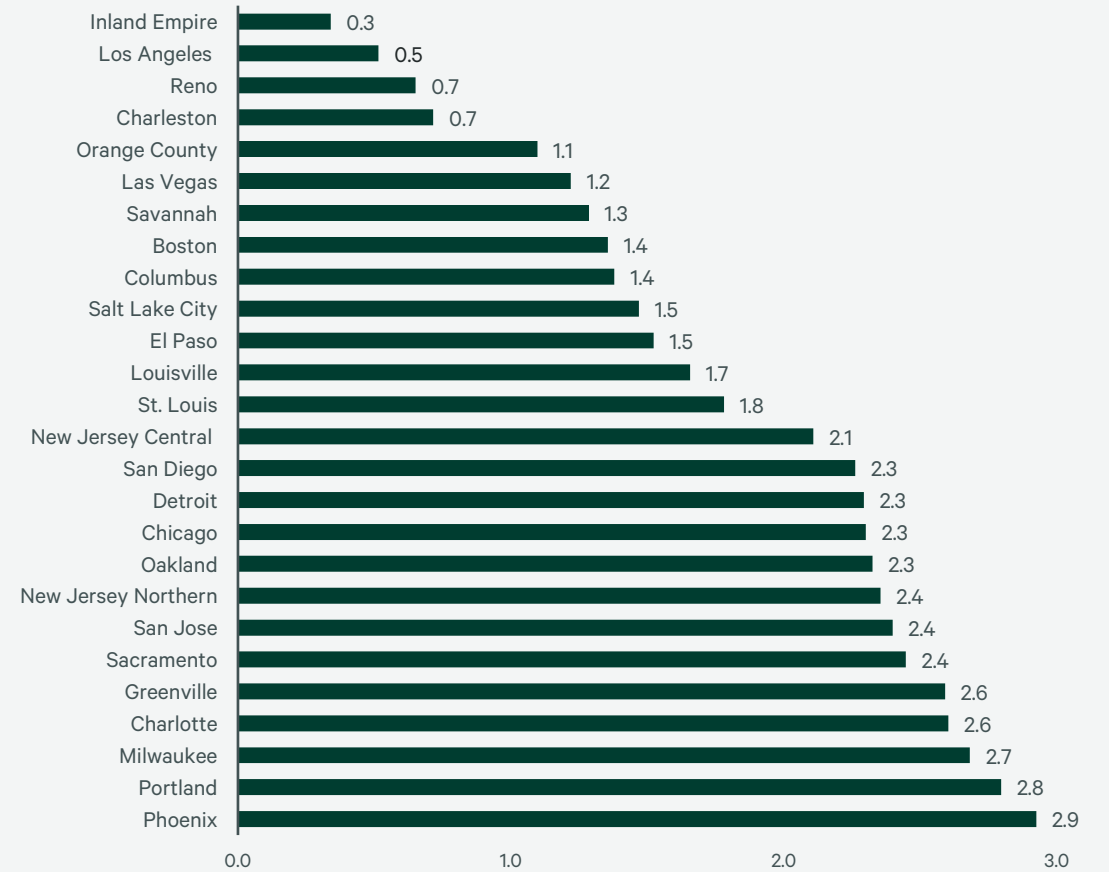
Source: CBRE Econometric Advisors
2022 CBRE, Inc.

Supply is Robust But Justified By Fundamentals

Product Under Construction (MSF)



Vacancy Rates by Market

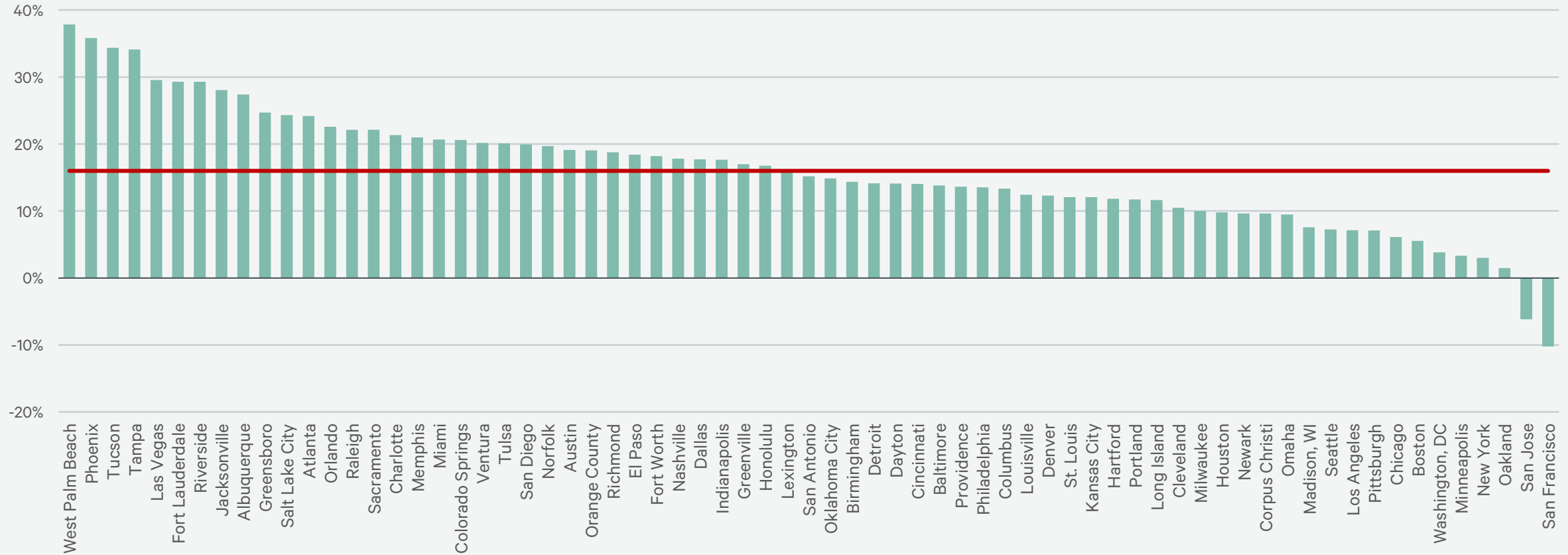


Source: CBRE Research, Q1 2022.

Multifamily

Strong Positive Rent Growth - Particularly in Sun Belt Markets

Multifamily Rent Growth (Q1 2022 vs Q3 2019)

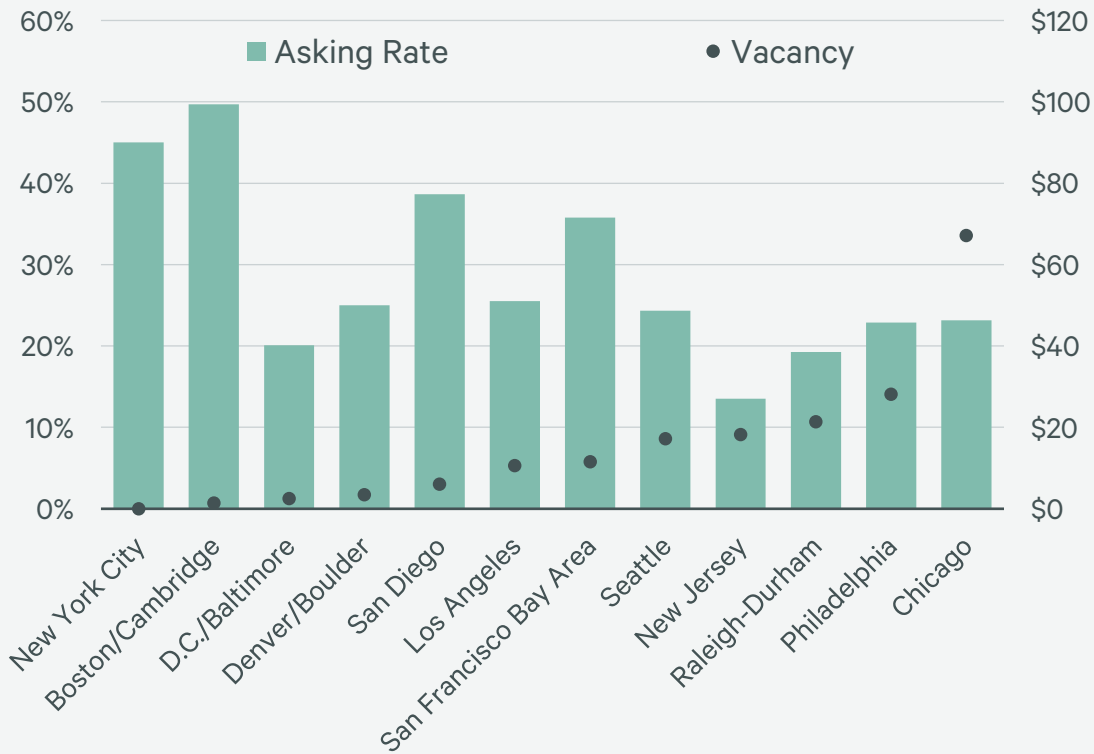


Source: CBRE Research, May 2022.

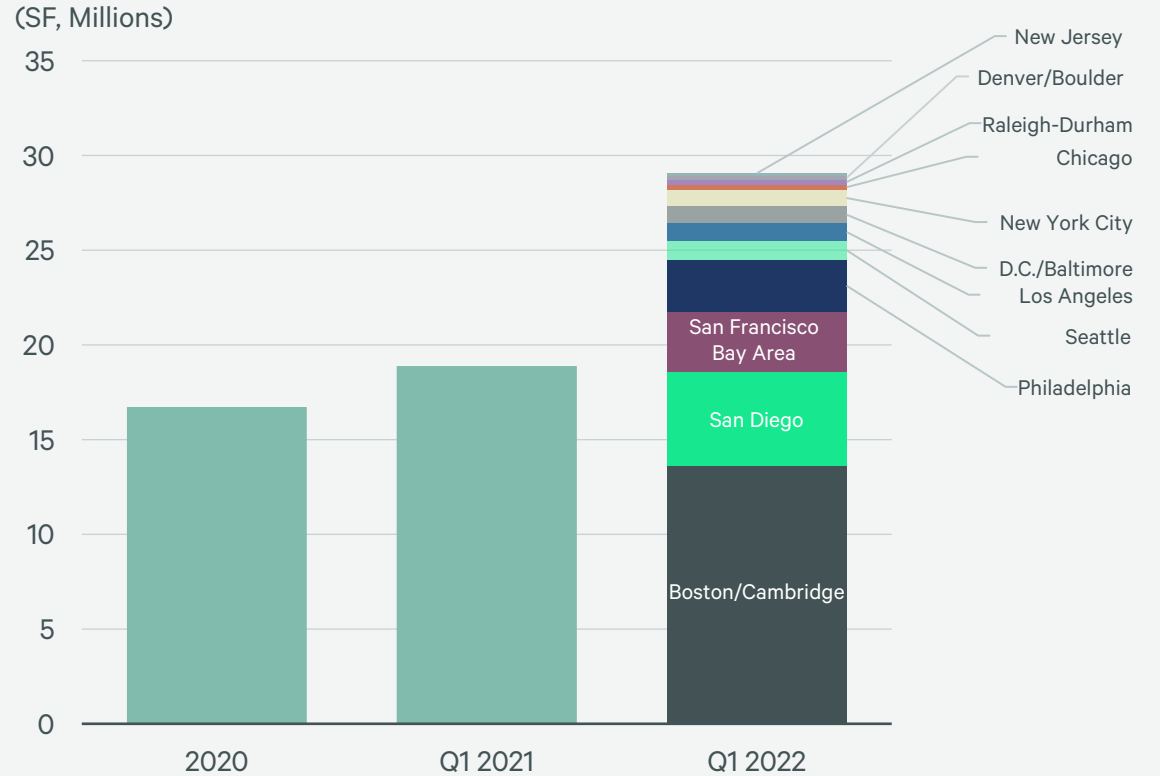
Life Sciences

Life Sciences Markets – Clusters with Constrained Supply

Vacancy & Asking Lease Rates for Life Sciences Lab/R&D



New development, conversion, speculative and build-to-suit

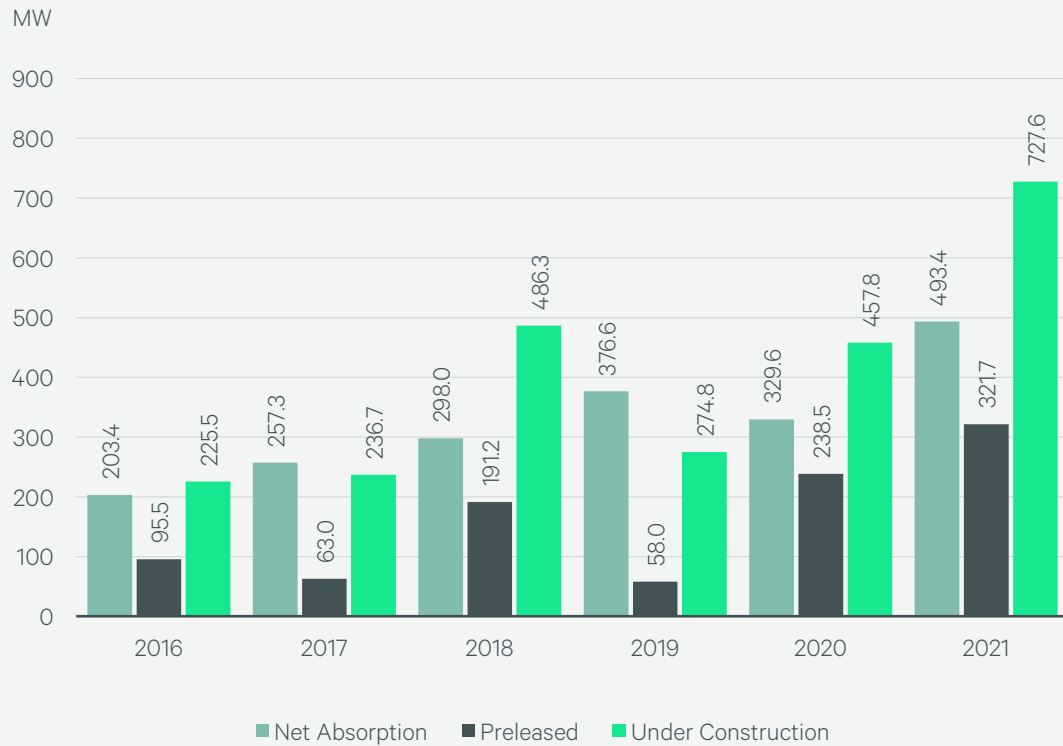


Source: CBRE Research, Q1 2022.

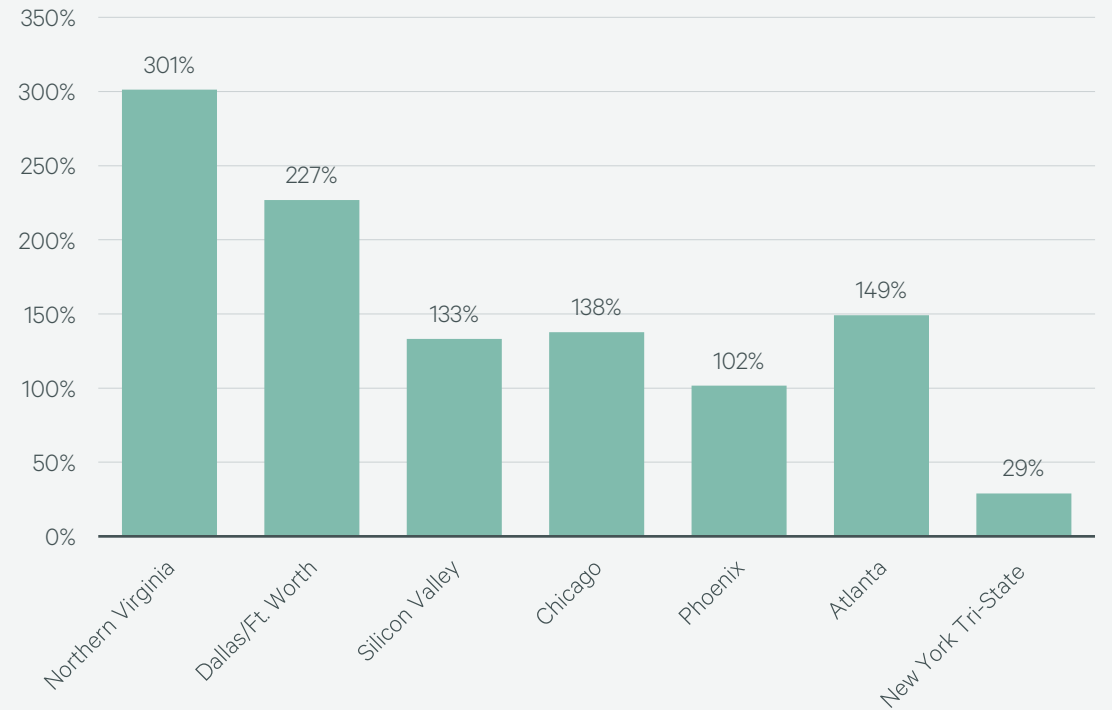
Data Centers

Data Centers - Clusters with Unconstrained Supply

Net Absorption, Preleasing & Under Construction



Inventory Growth

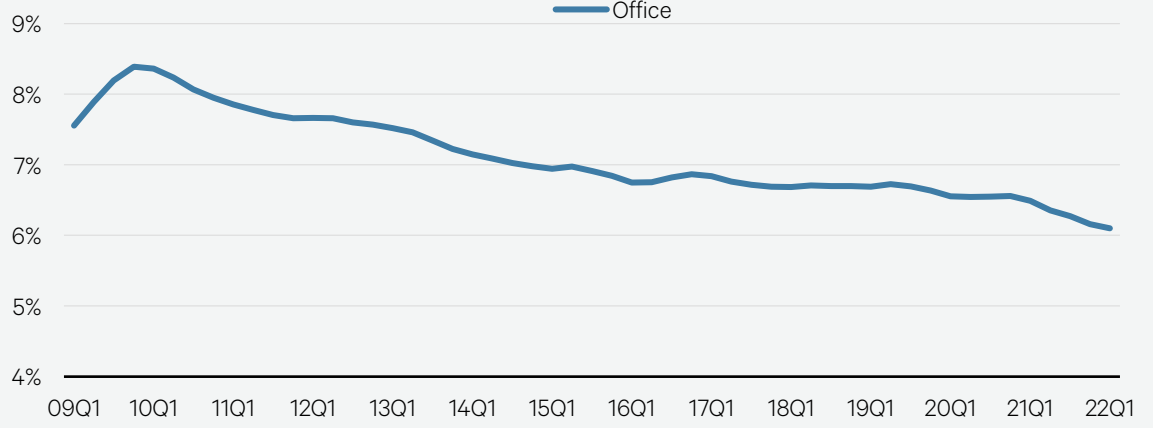
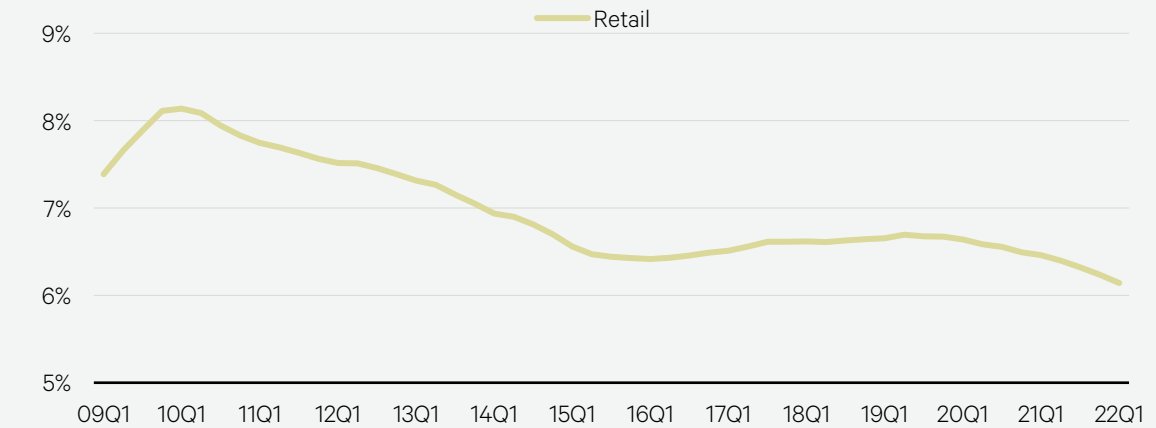
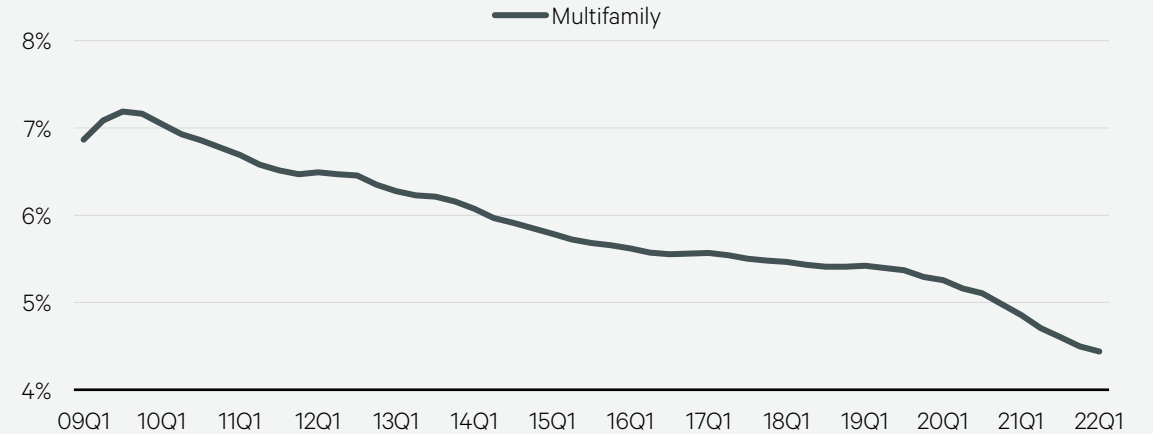
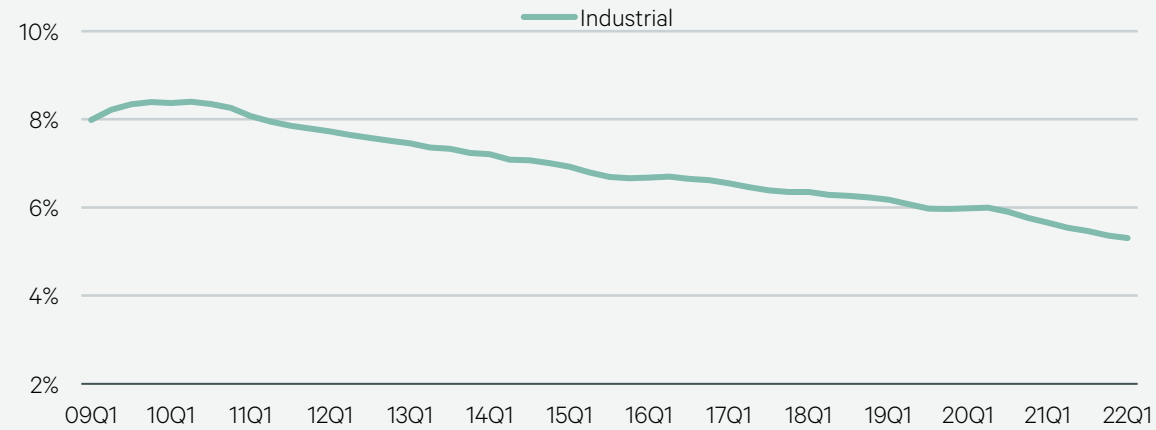


Source: CBRE Research, CBRE Data Center Solutions, H2 2021.

Capital Markets

Anecdotes Suggest Cap Rates are Ticking Up - No Data Yet!

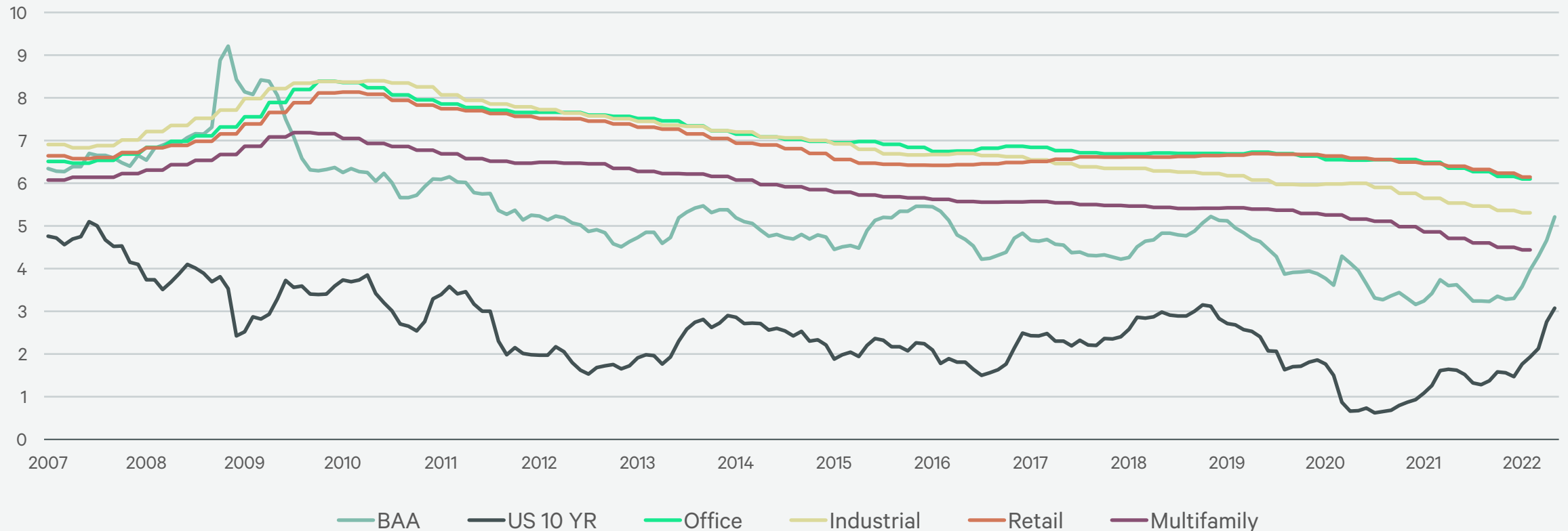
National Cap Rates by Sector, Percent



Source: CBRE Research, RCA Q1 2022.

Spreads Have Narrowed: Cap Rates Likely to Tick Up

Treasury yields, BAA Corporate bond yields, U.S. Cap Rates



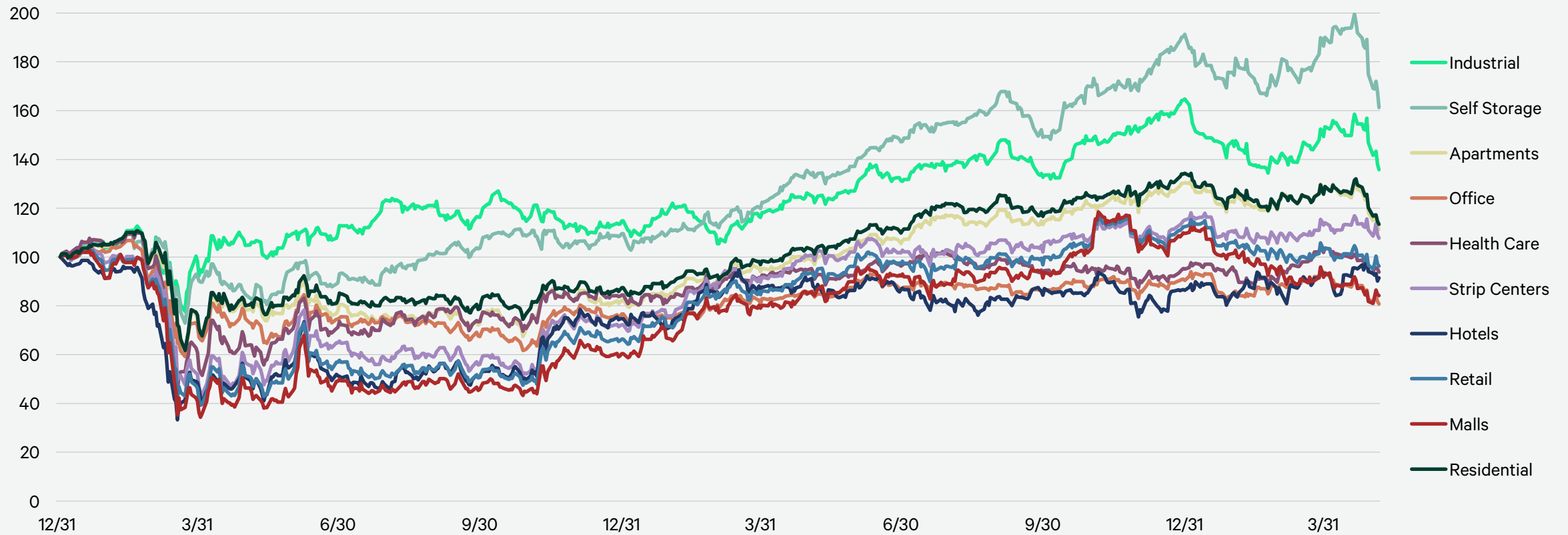
Note: RCA cap rates encompass all properties in the sector

Source: FRED, RCA, CBRE Research Q1 2022

REITs Beginning to Feel the Effects

U.S REIT Index by Sectors

Index (Jan. 2020 = 100)



Source: Wilshire Associates Incorporated, CBRE Research, 9 May 2022.

To Conclude

Real Estate Has Had a Good Recovery So Far

- Interest rates are rising, growth is slowing, but a recession is far from inevitable
- Tighter financial conditions will impact real estate capital markets
- Cap rates will move out a little and single-family housing looks vulnerable
- Industrial demand will ease for a while, but is supported by longer term trends
- Multifamily growth will ease due to affordability, but will benefit from higher mortgage rates
- Life science and data centers are strong, with different supply characteristics

Thank You.

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