



NAREIT 2017

HRForum

Sept. 18-19
Fairmont Copley Plaza
Boston, MA



The Economic Outlook and REITs

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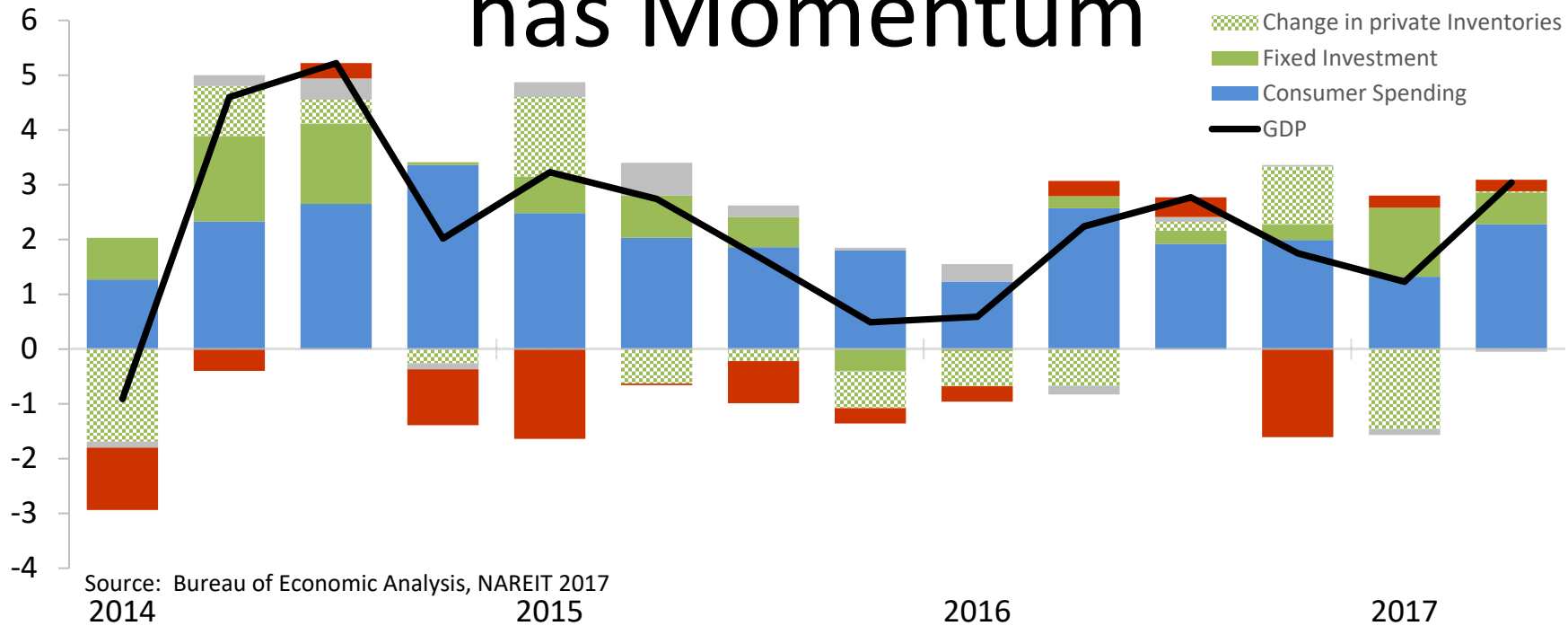
The economic outlook, real estate and REITs

- The macroeconomy maintains momentum
- What's the Fed doing? Removing stimulus \neq restraint
- The commercial real estate recovery is “mature”... not “elderly”
 - A growing economy continues to generate demand for real estate;
 - Supply is aligned with net absorption;
 - Vacancy rates are low and stable, rents are growing;
 - Cap rates are low—but so are interest rates.
- Sector spotlights

Economic Activity has Momentum

Macroeconomy

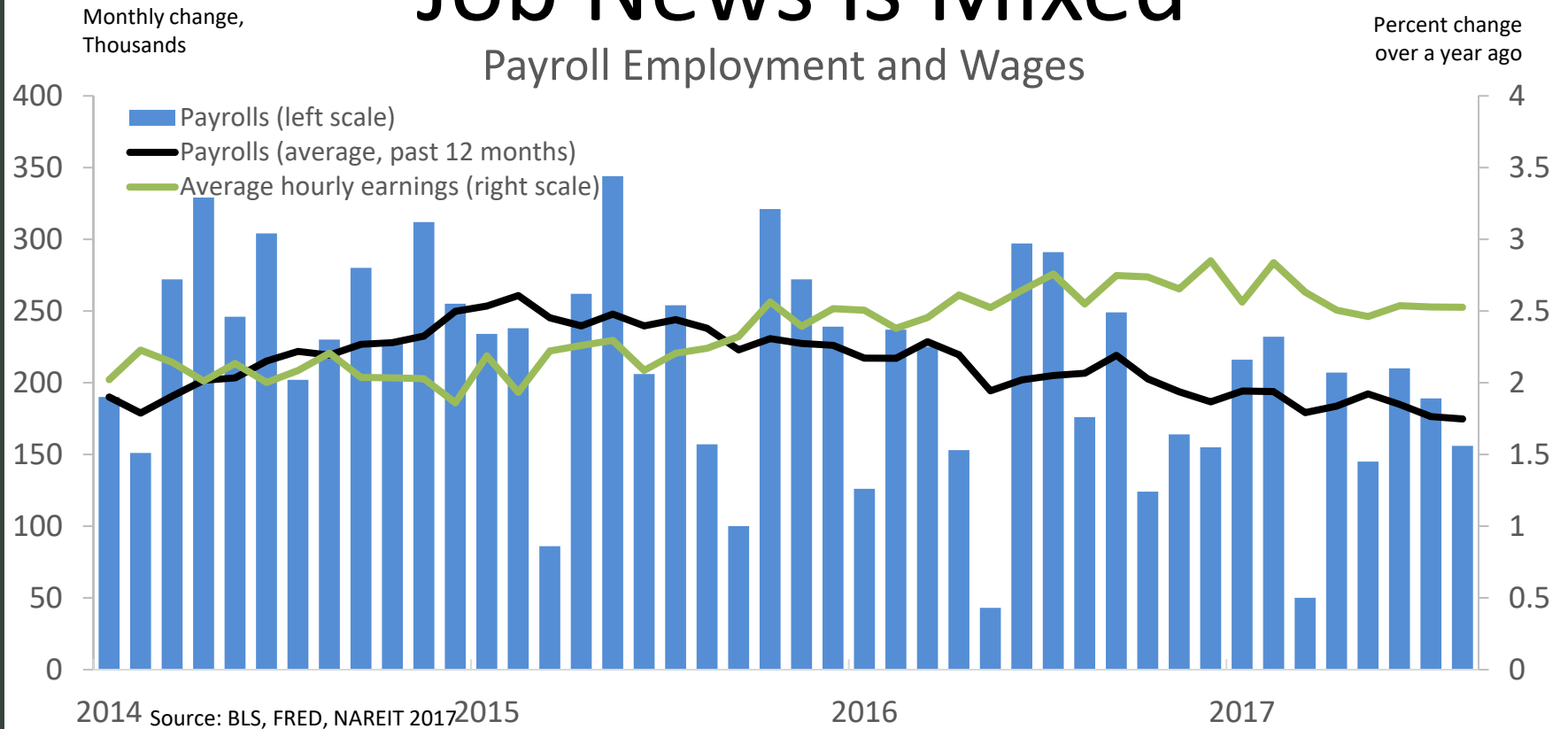
Contribution to GDP growth,
Percentage points



Job News is Mixed

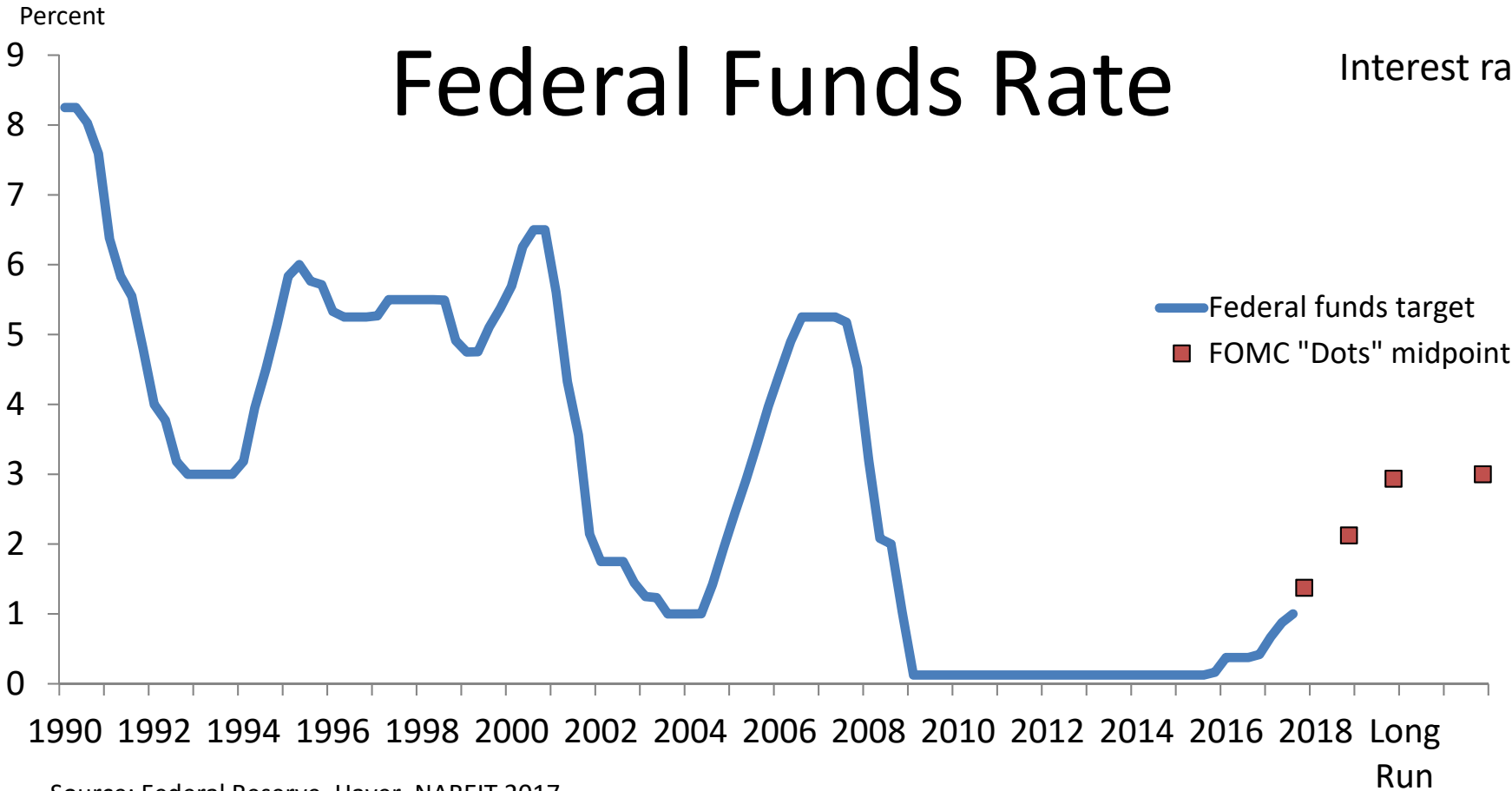
Labor markets

Payroll Employment and Wages



Federal Funds Rate

Interest rates



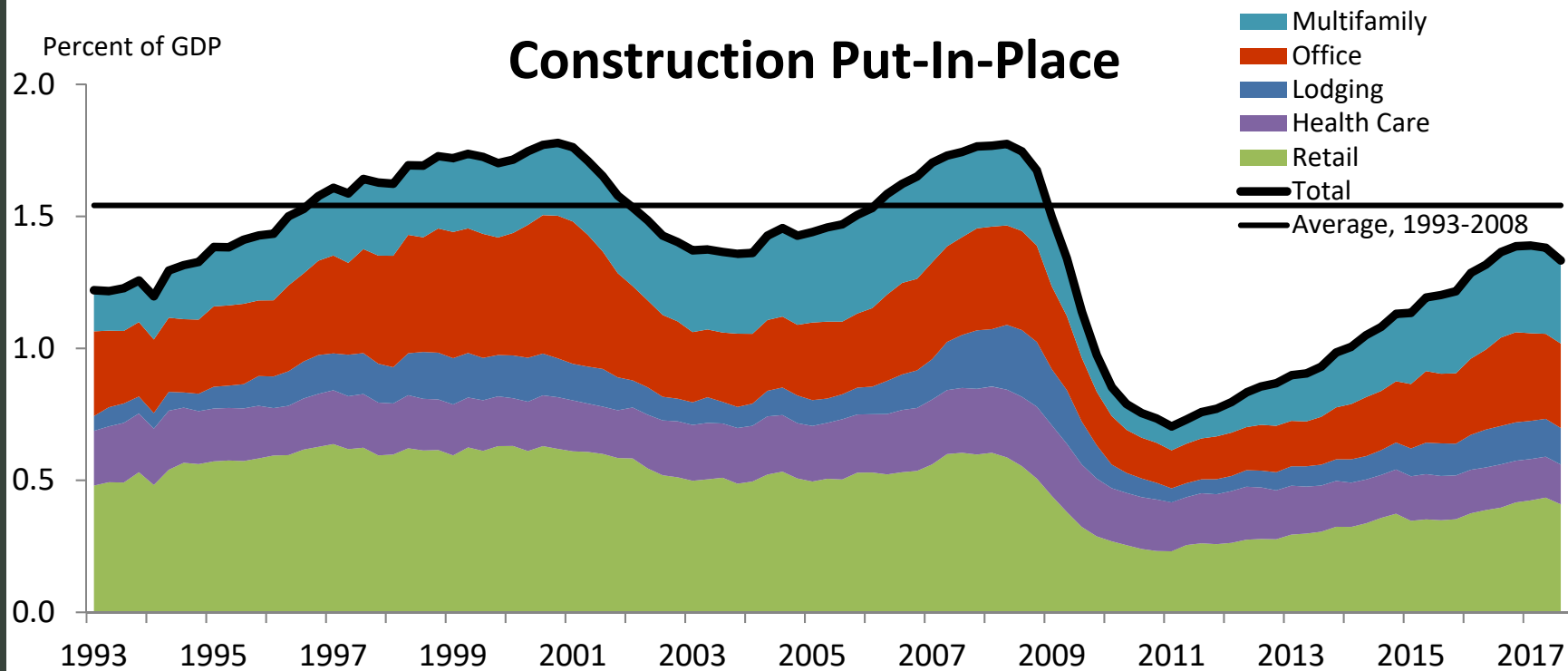
Source: Federal Reserve, Haver, NAREIT 2017

Commercial Real Estate and REITs

- Construction has slowed
- Vacancy rates are low
- Rents are rising
- Prices are high
- FFO of All Equity REITs exceeded \$15 billion

Construction has slowed

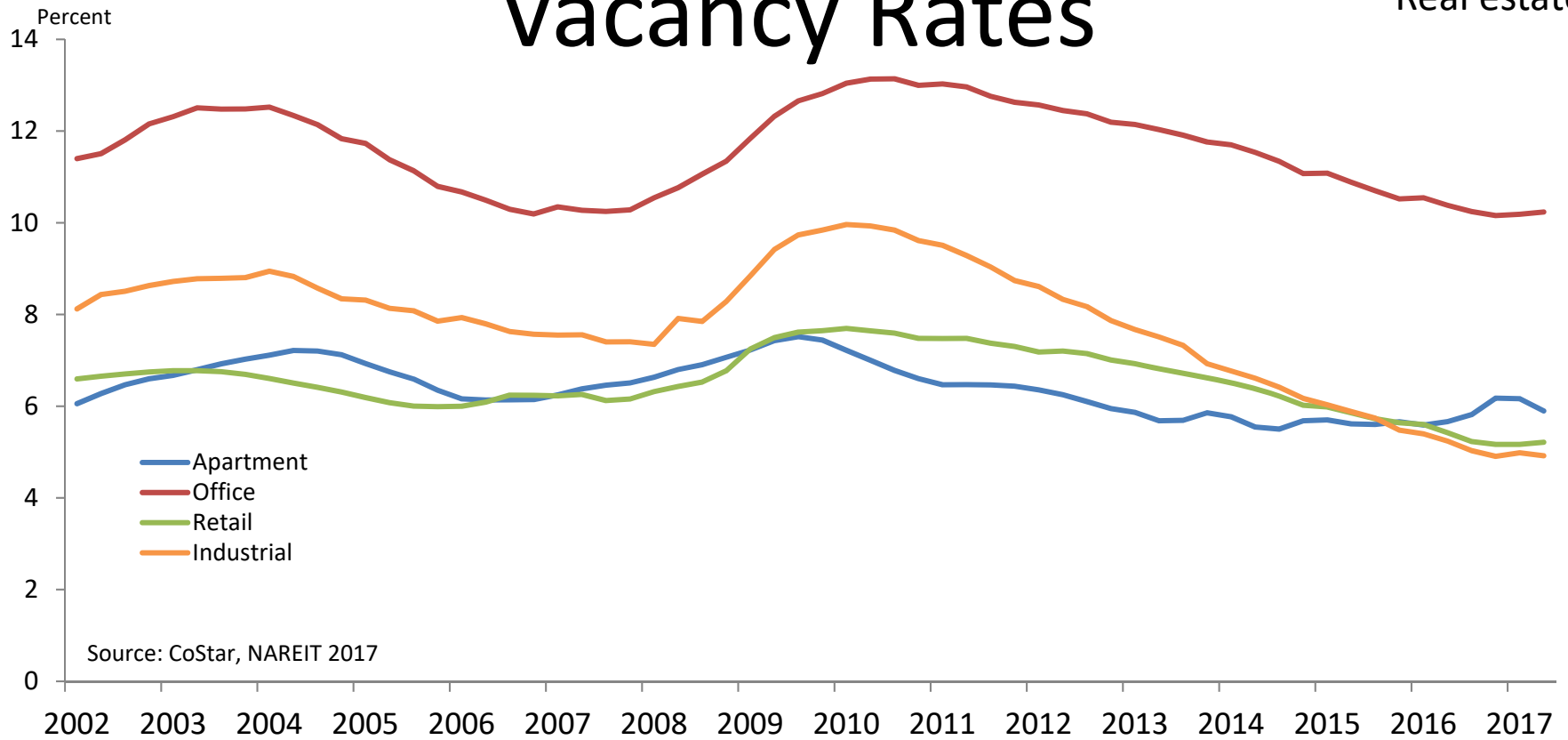
Real estate



Source: U.S Census Bureau, U.S. Bureau of Economic Analysis, Haver Analytics, NAREIT 2017.

Vacancy Rates

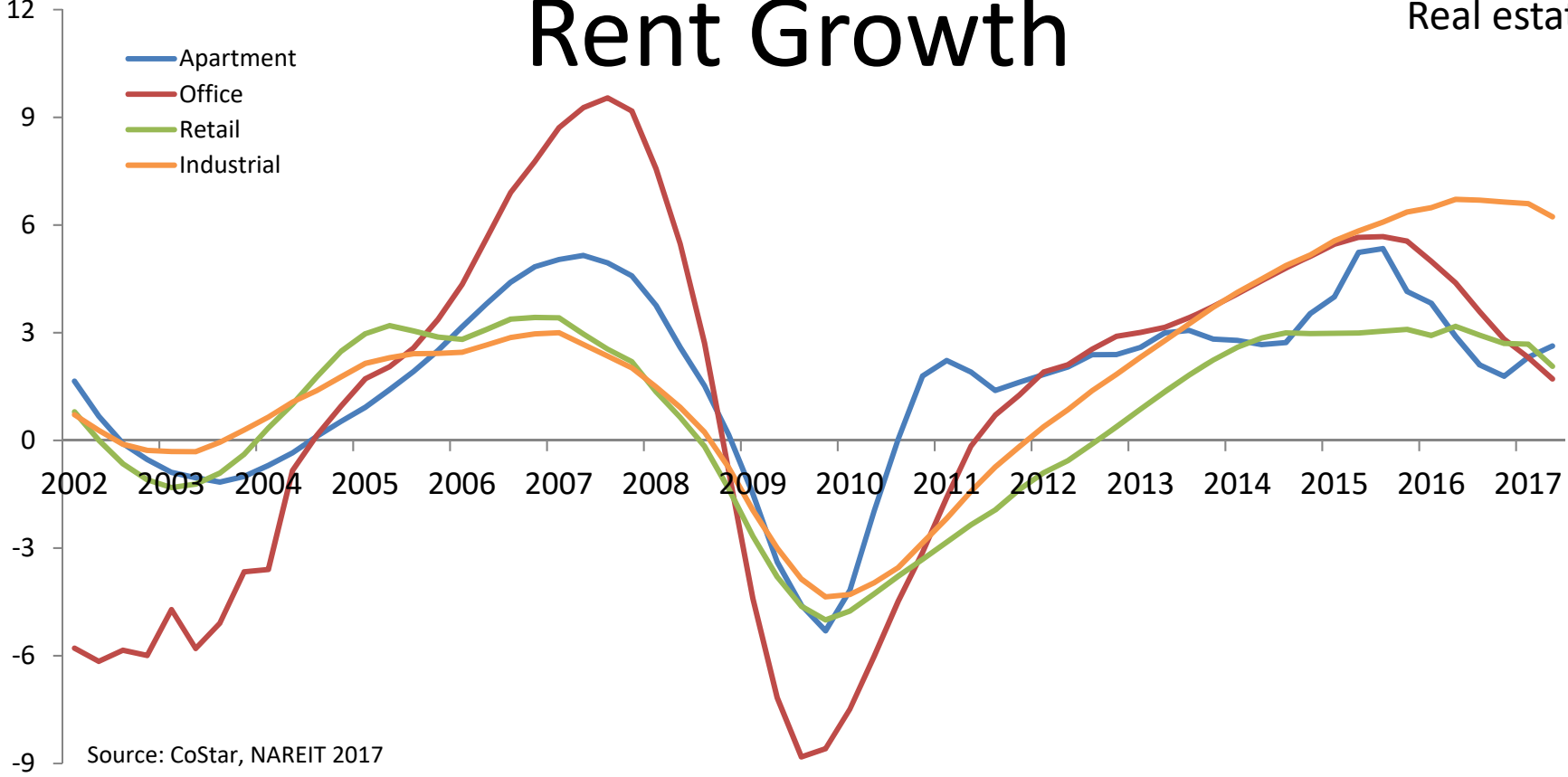
Real estate



Rent Growth

Real estate

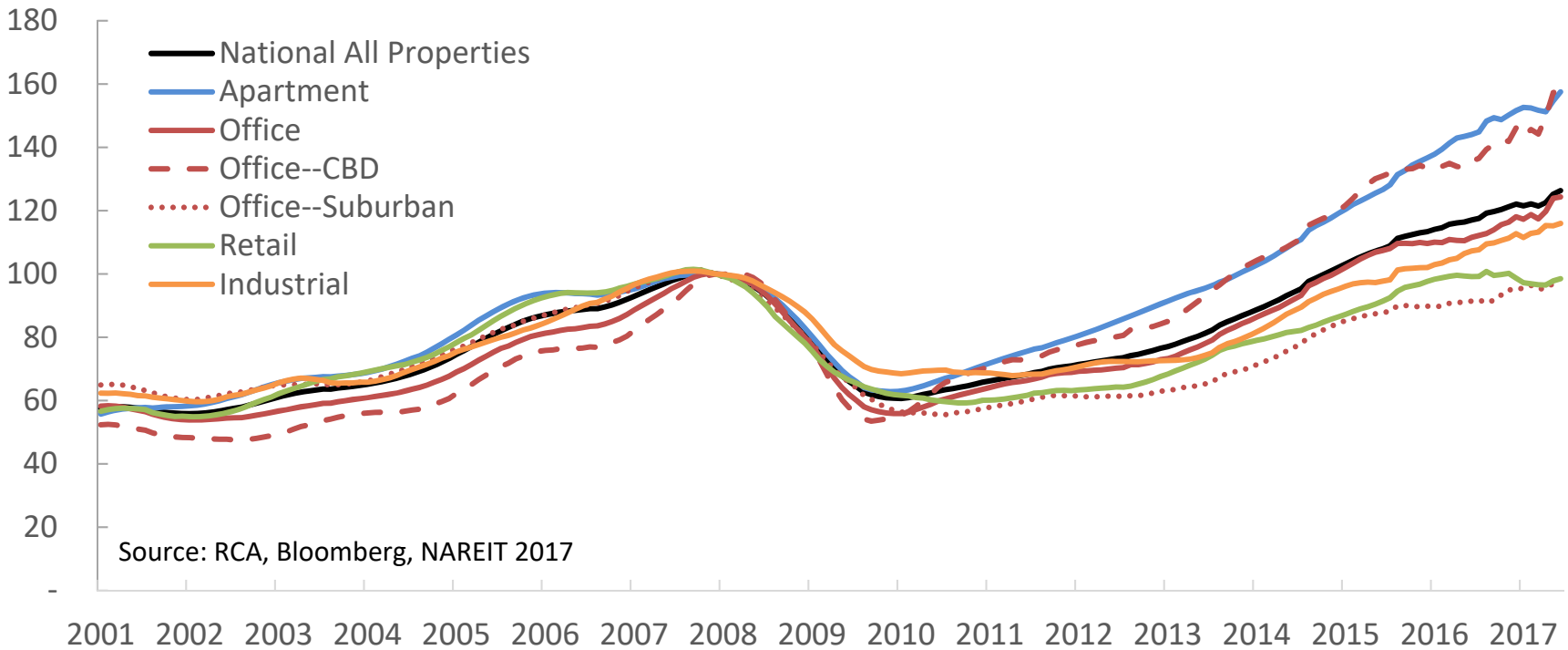
Percent change over a year ago



Source: CoStar, NAREIT 2017

Commercial Property Prices Real estate

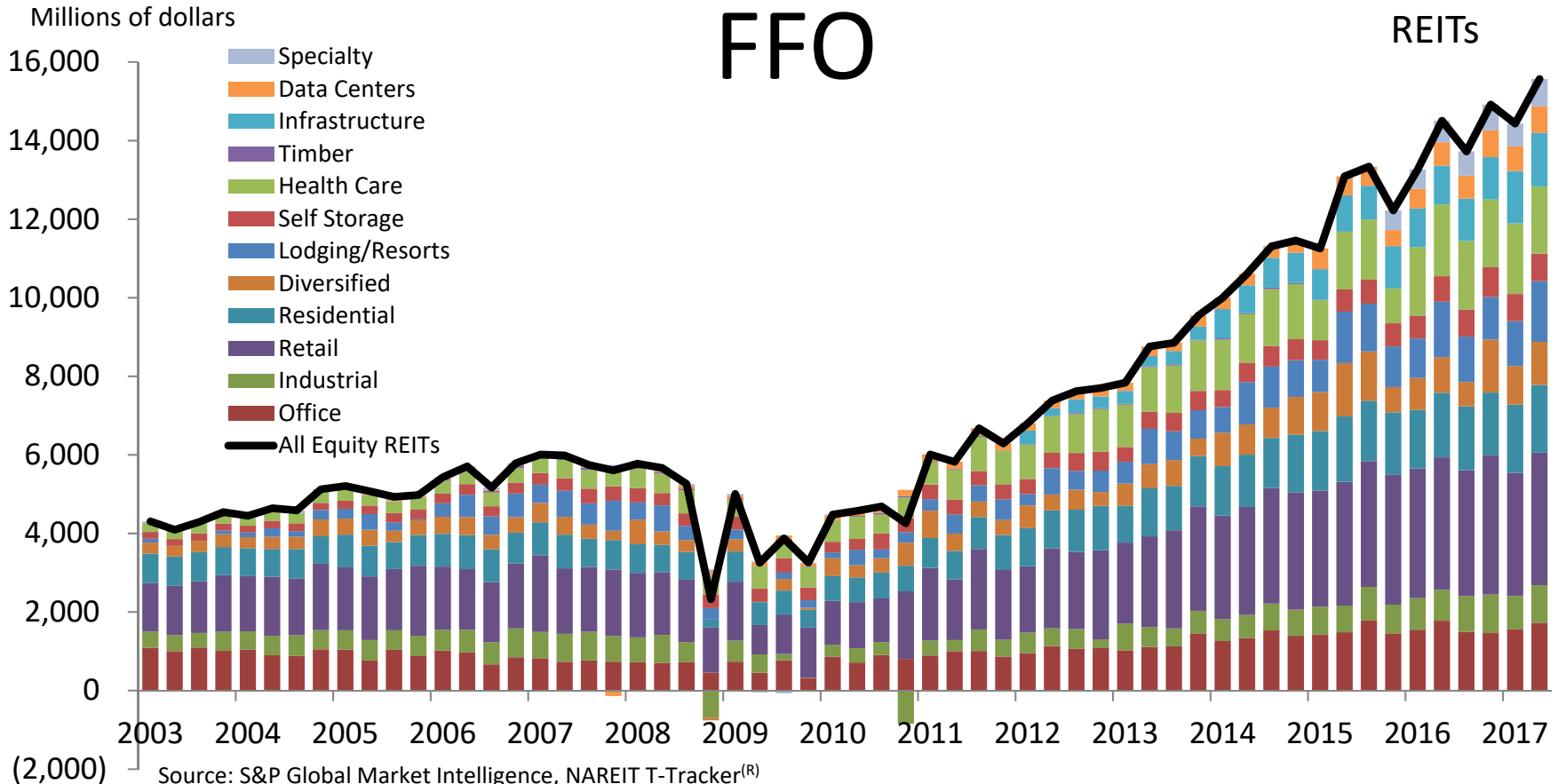
Index, Dec2007 = 100



Source: RCA, Bloomberg, NAREIT 2017

FFO

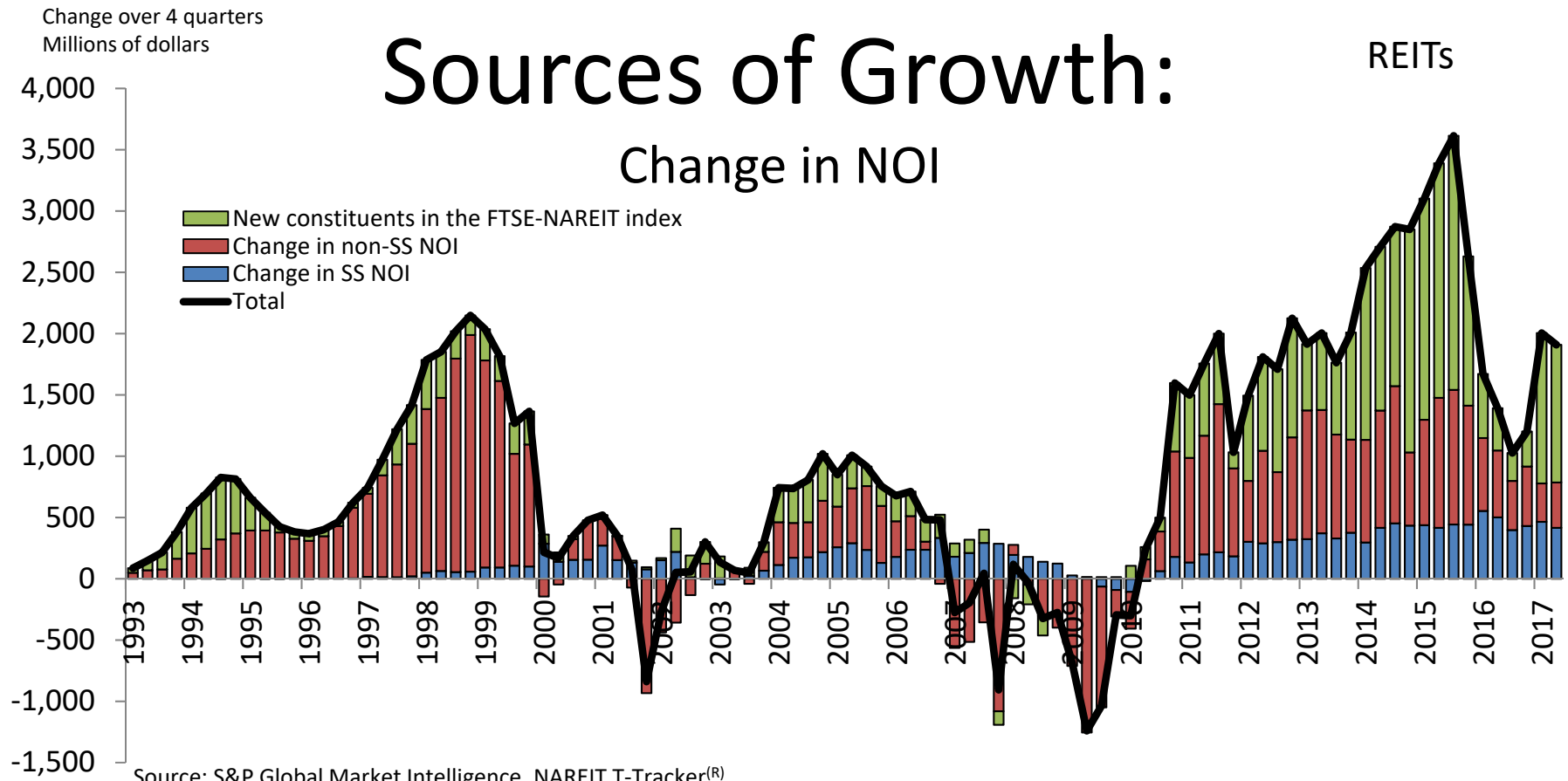
REITs



Sources of Growth:

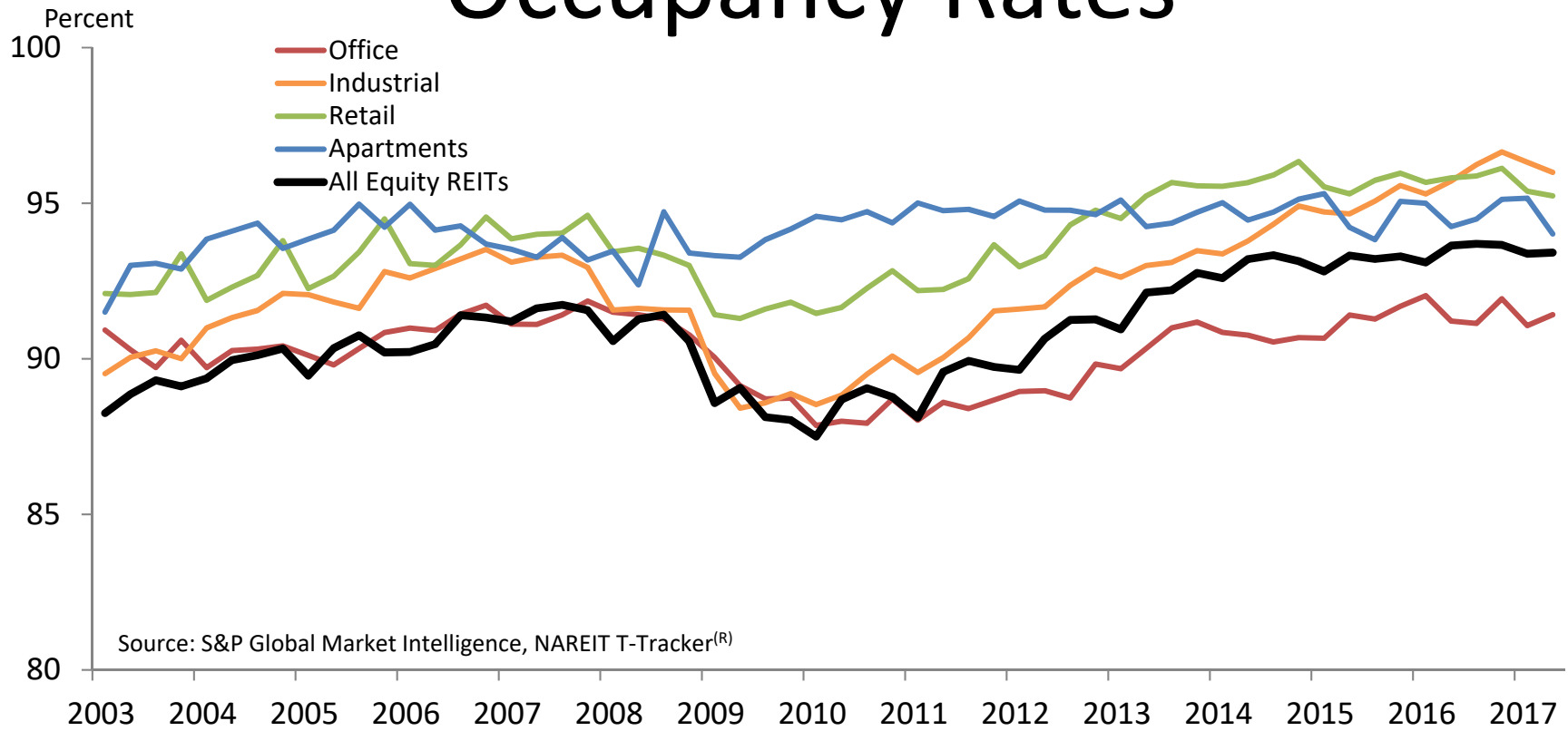
Change in NOI

REITs



Occupancy Rates

REITs



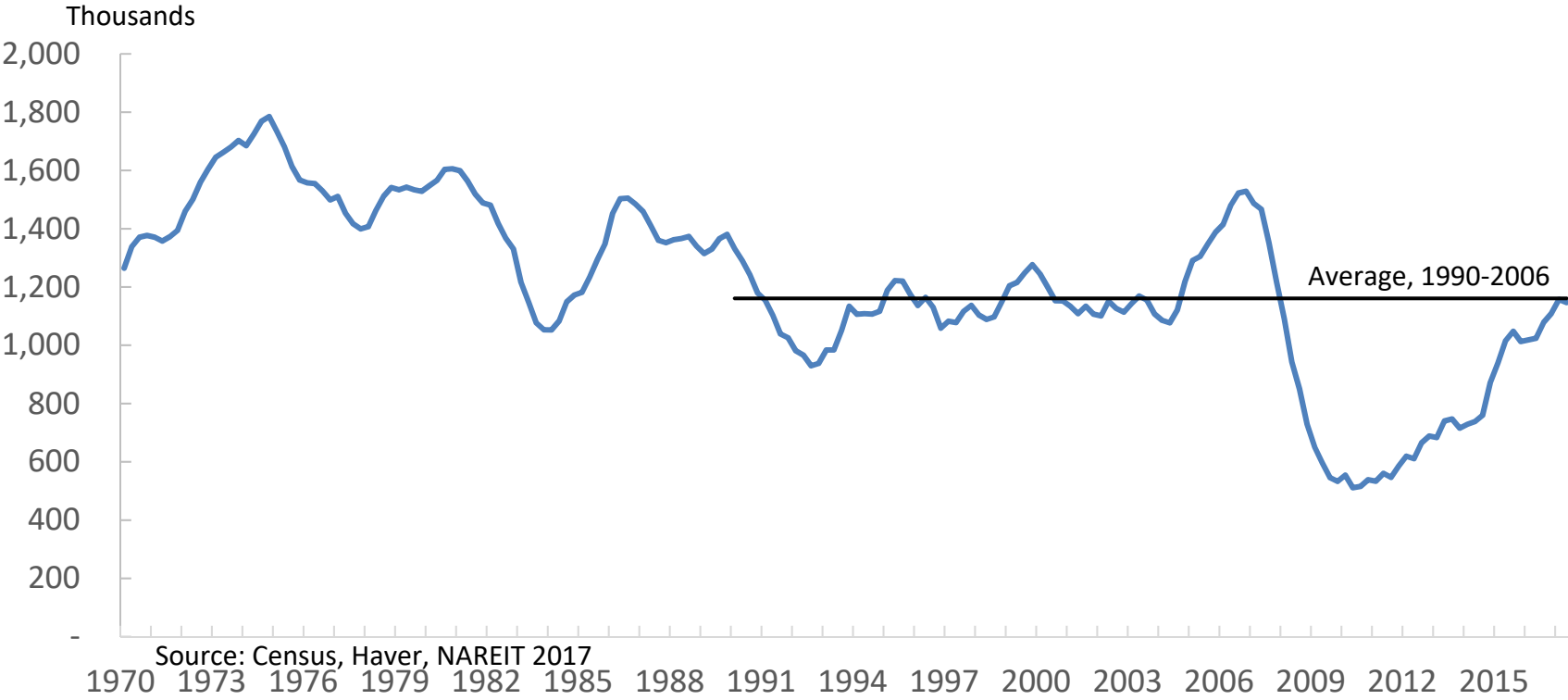
Source: S&P Global Market Intelligence, NAREIT T-Tracker^(R)

Sector Spotlights

- Multifamily
- Office
- Retail
- Industrial, Data Centers & Infrastructure

Household Formation

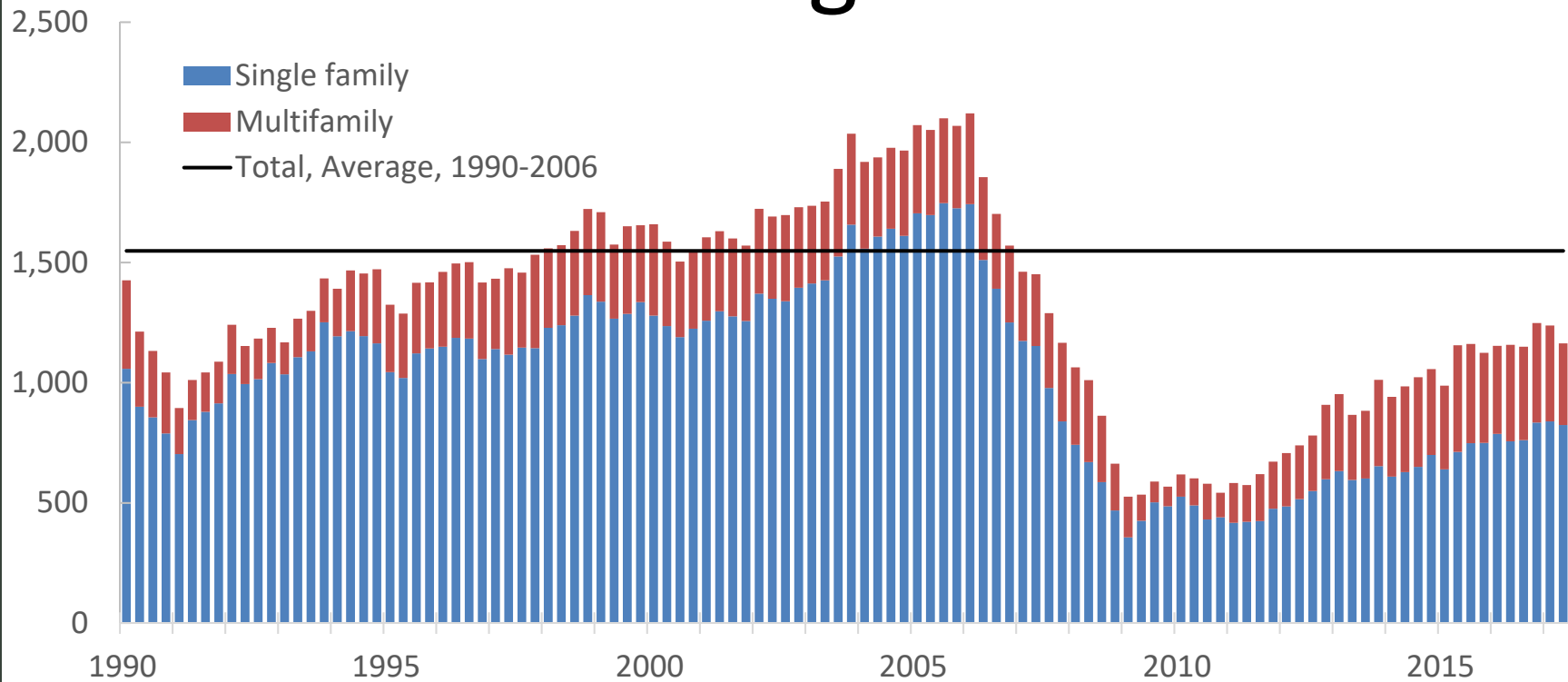
Multifamily



Housing Starts

Multifamily

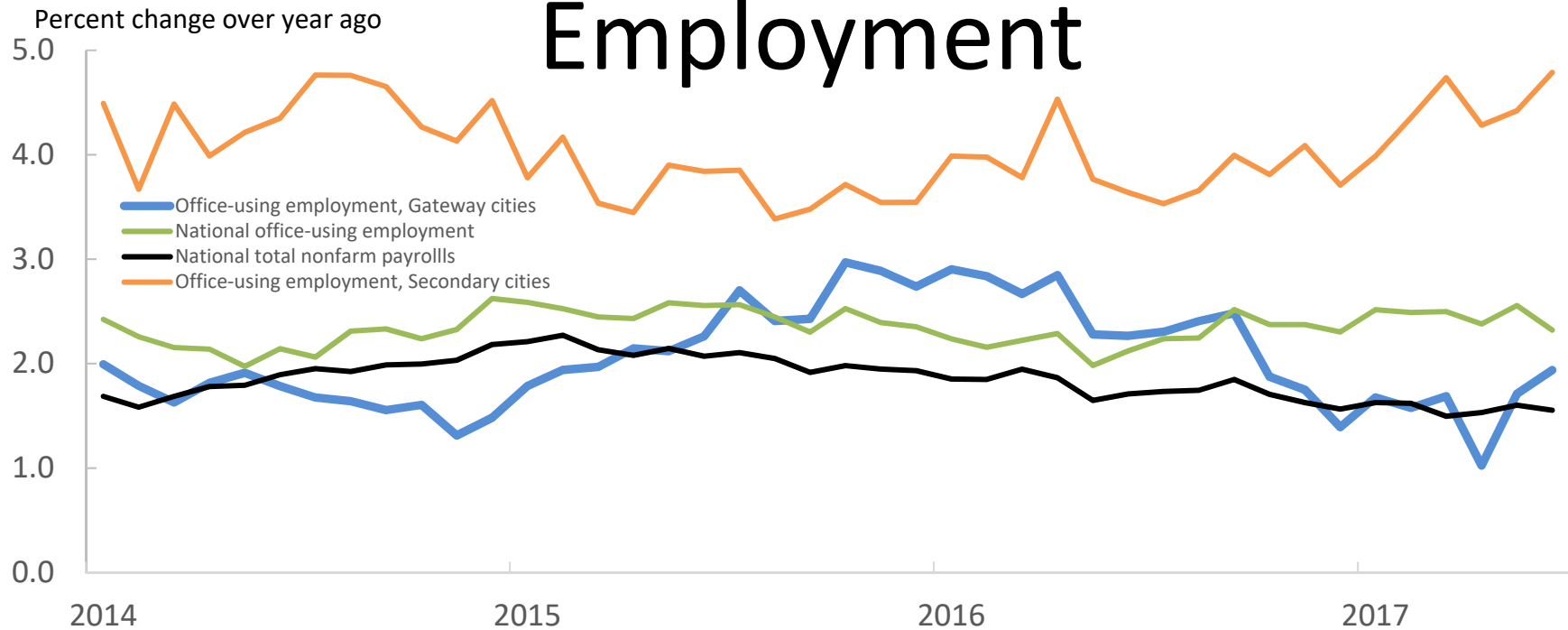
Thousands, annualized



Source: Census, Haver, NAREIT 2017

Growth of Office-using Employment

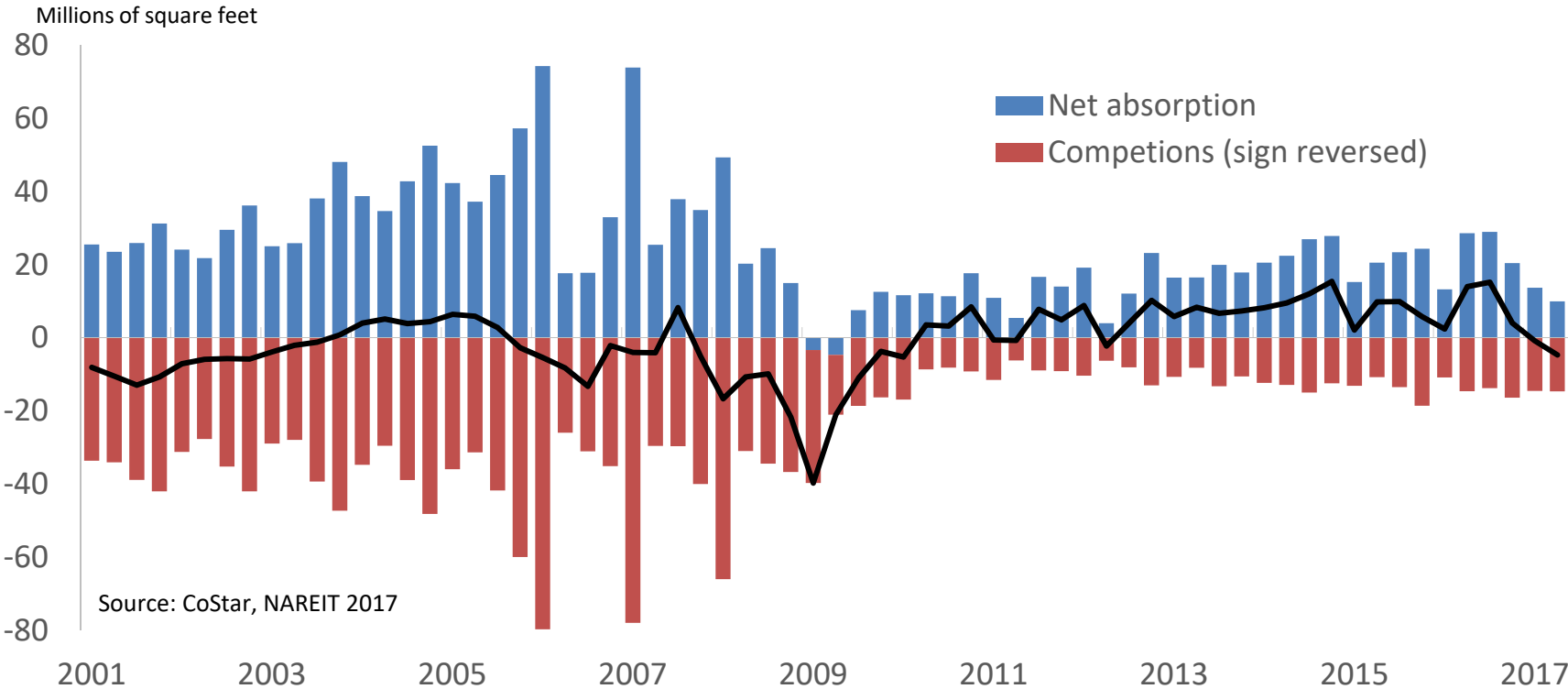
Office



Source: BLS, Haver, NAREIT 2017

Supply & Demand

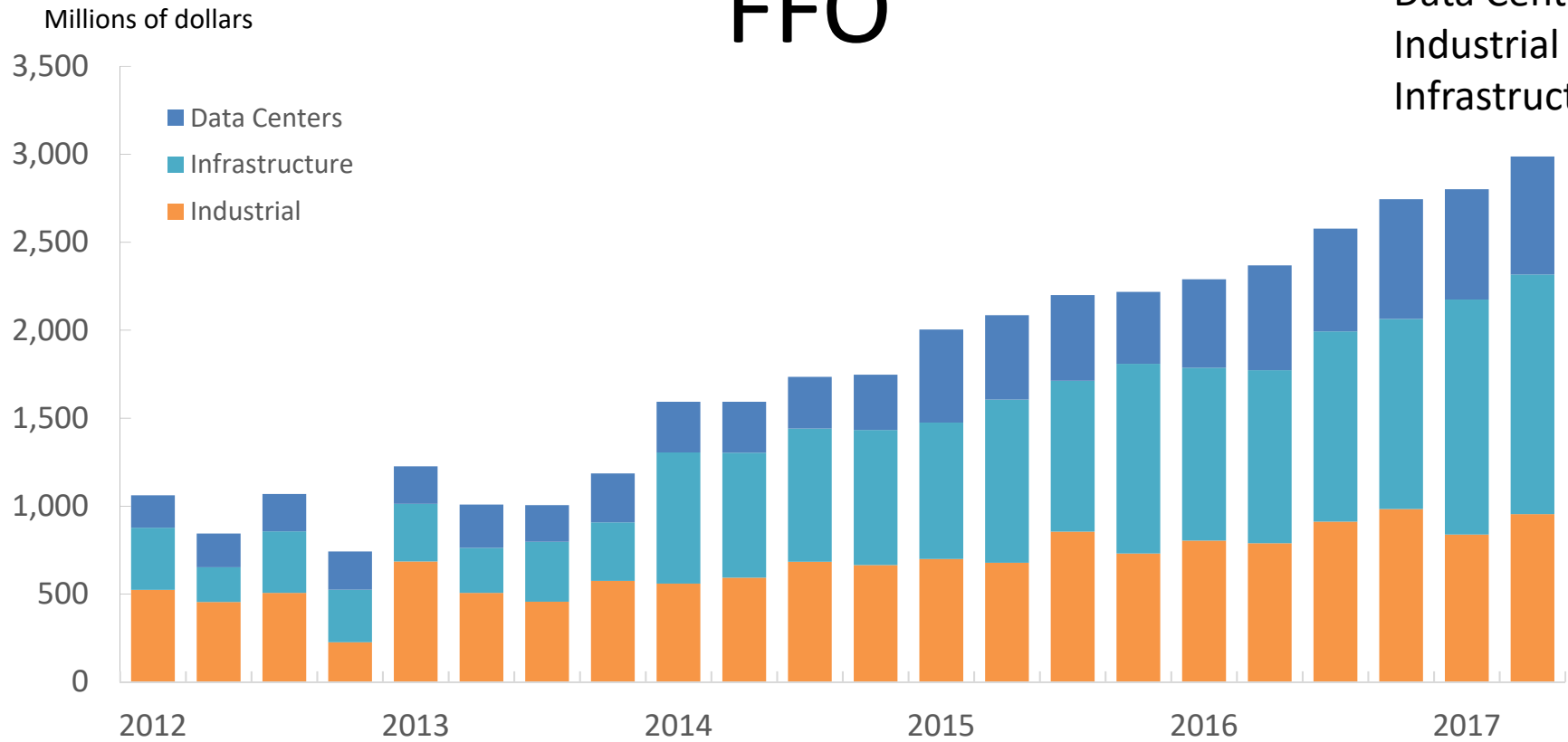
Retail



Source: CoStar, NAREIT 2017

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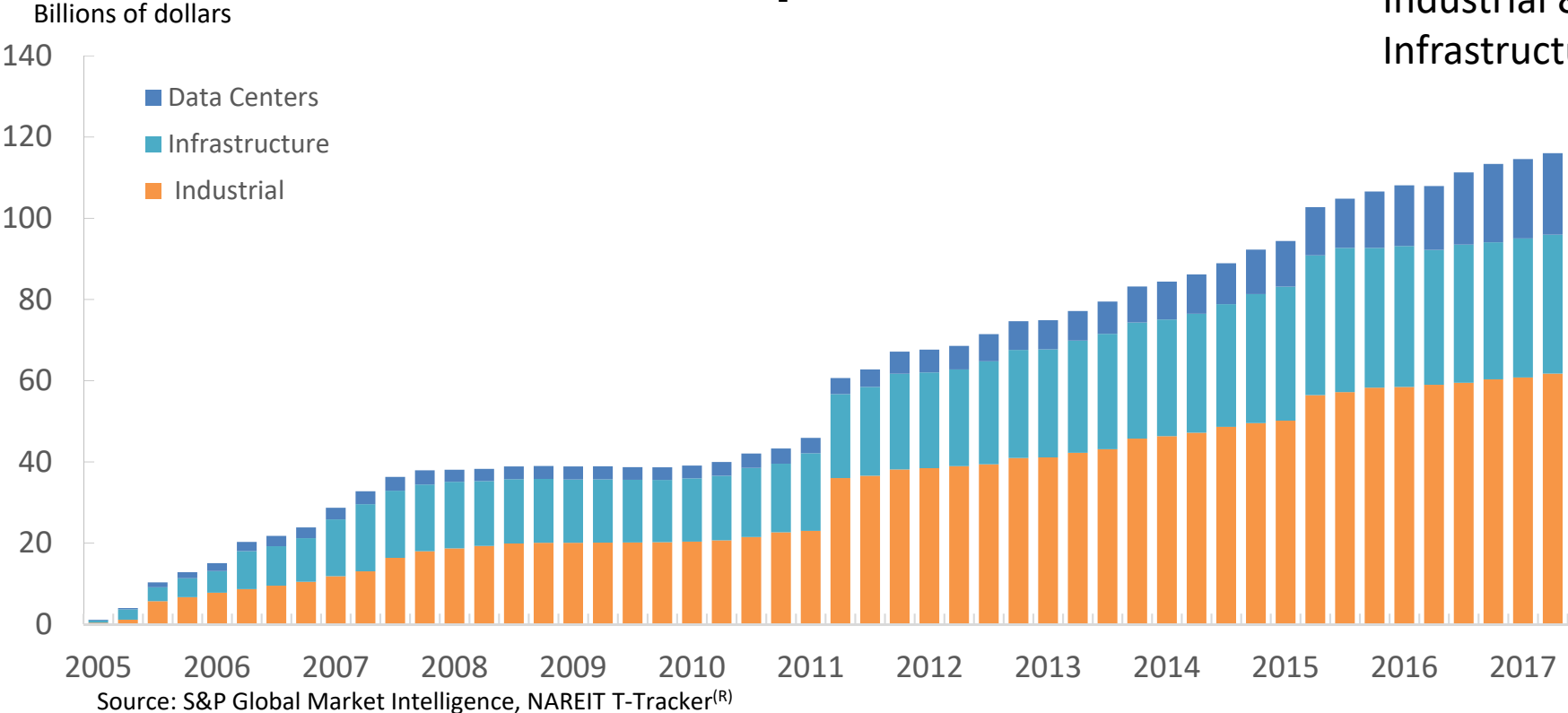
Data Centers,
Industrial &
Infrastructure



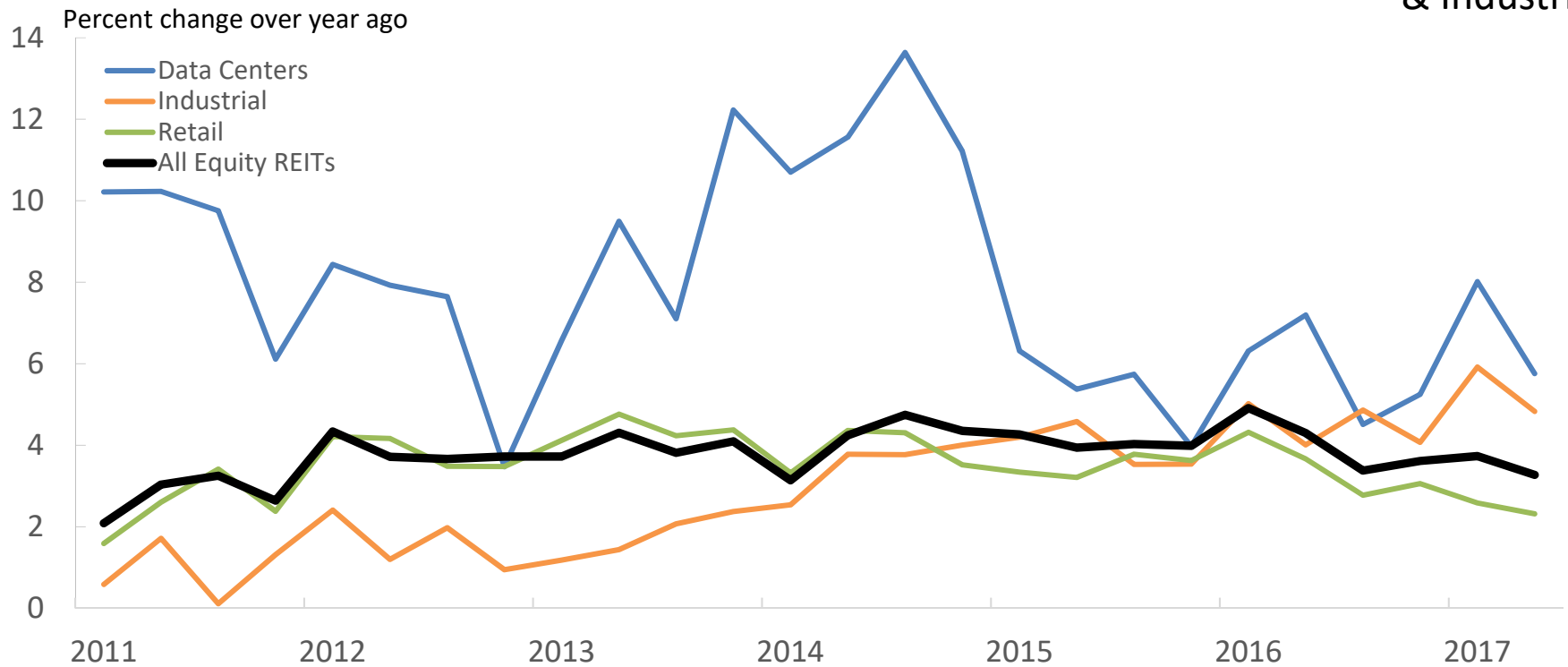
Source: S&P Global Market Intelligence, NAREIT T-Tracker^(R)

Net Acquisitions

Data Centers,
Industrial &
Infrastructure



Growth of Same Store NOI Data Centers & Industrial



Source: S&P Global Market Intelligence, NAREIT T-Tracker^(R)