



MBA's COMMERCIAL REAL ESTATE FINANCE/MULTIFAMILY  
HOUSING CONVENTION & EXPO  
Walt Disney World Swan And Dolphin, Orlando, Fla.

## **Location, Location, Location: The State of U.S. Property Markets**

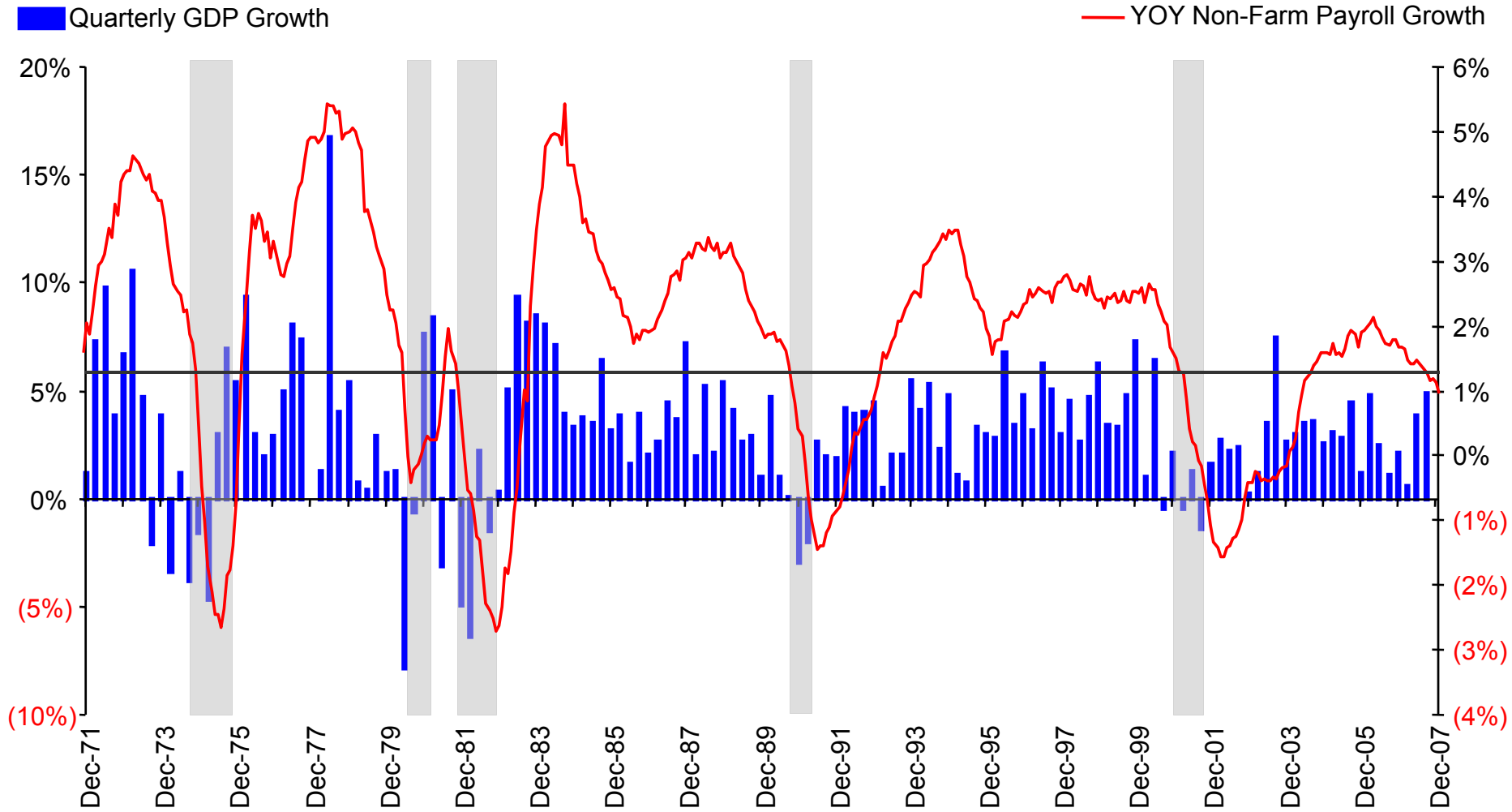
**Tuesday, February 5**

**Bret R. Wilkerson, CFA, Chief Executive Officer  
Property & Portfolio Research**

# U.S. Job Growth Signaling Recession



When Annual Job Growth Slows Past 1.2%, Recessions Follow



Sources: Bureau of Labor Statistics; Bureau of Economic Analysis

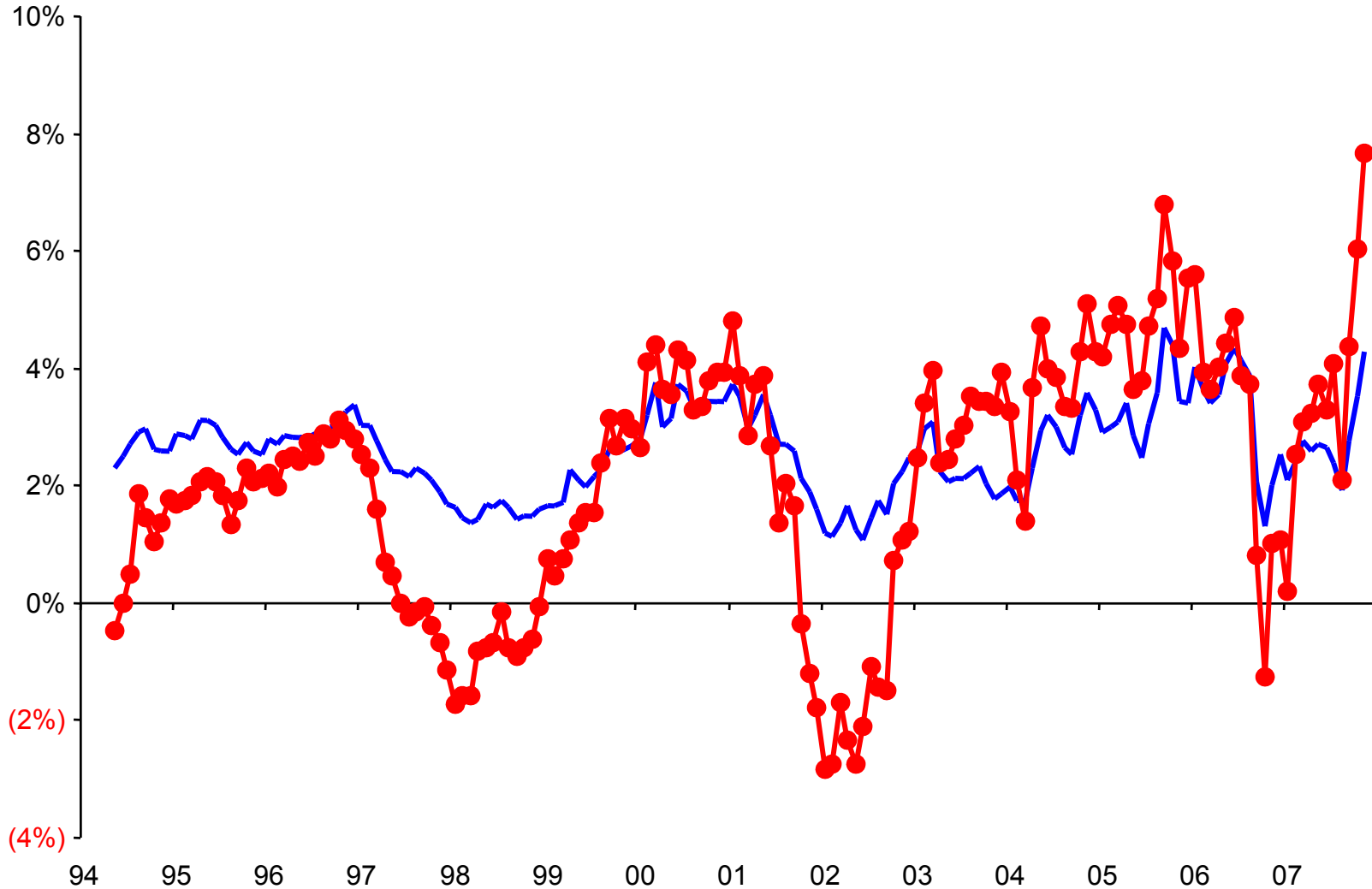
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# Inflation – Count on It



— CPI (U.S. Consumer)    ● PPI (U.S. Producer)

Year-over-Year Change



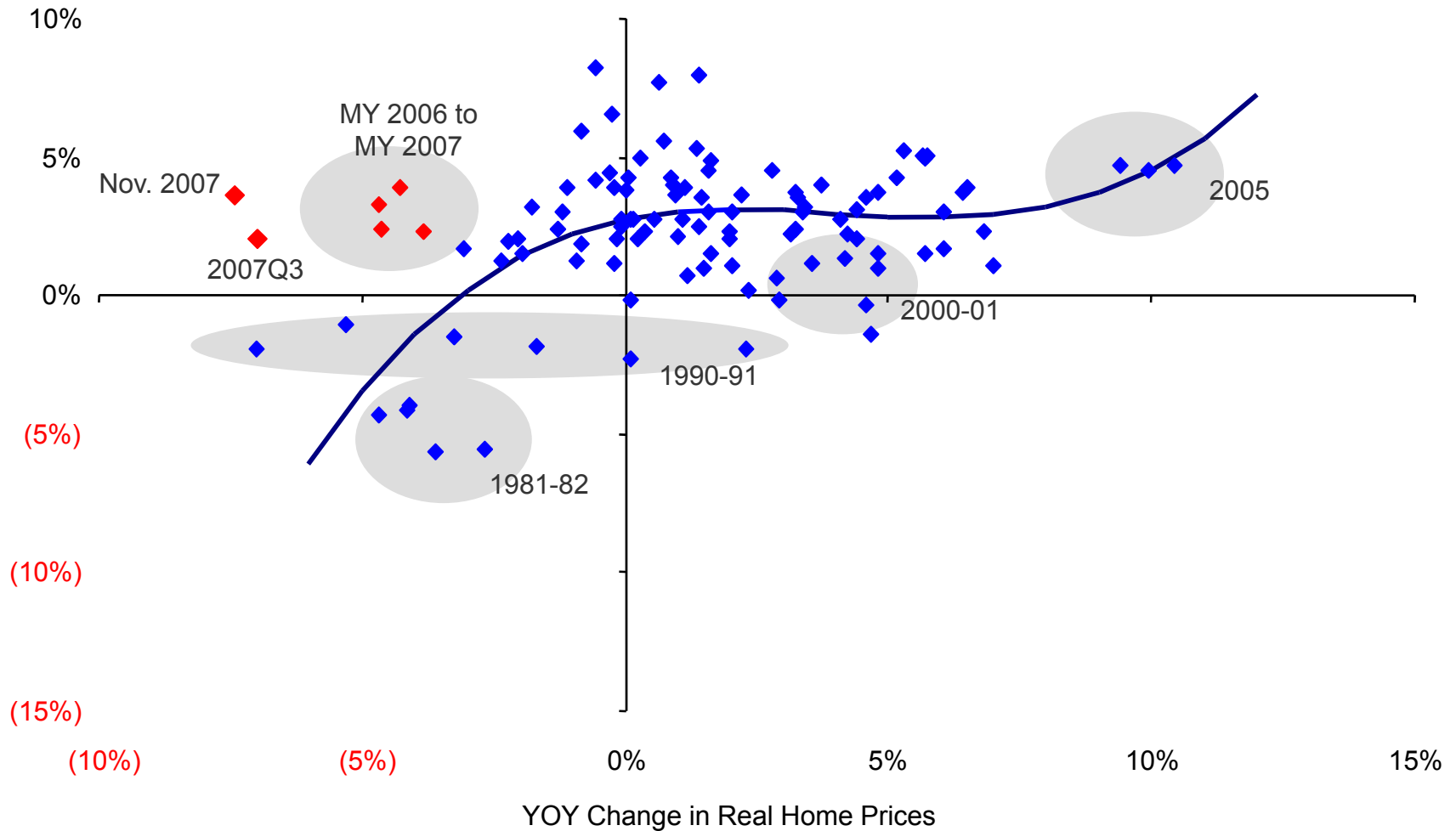
Sources: BLS, Moody's Economy.com, PPR

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# We Are in Uncharted Territory

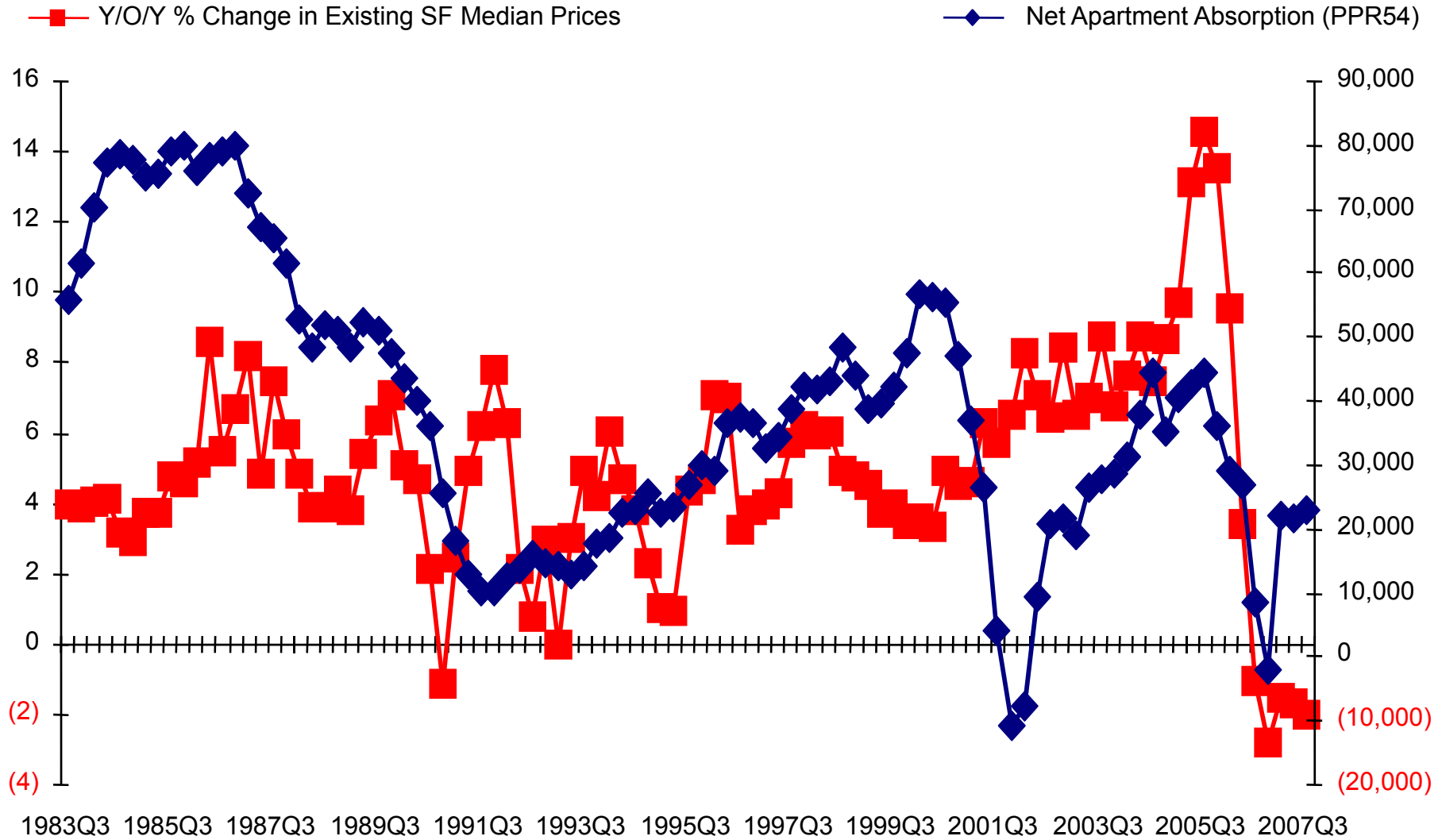


YOY Change in Real Retail Sales (ex Auto)



Sources: Census Bureau; National Association of Realtors; Moody's Economy.com; PPR

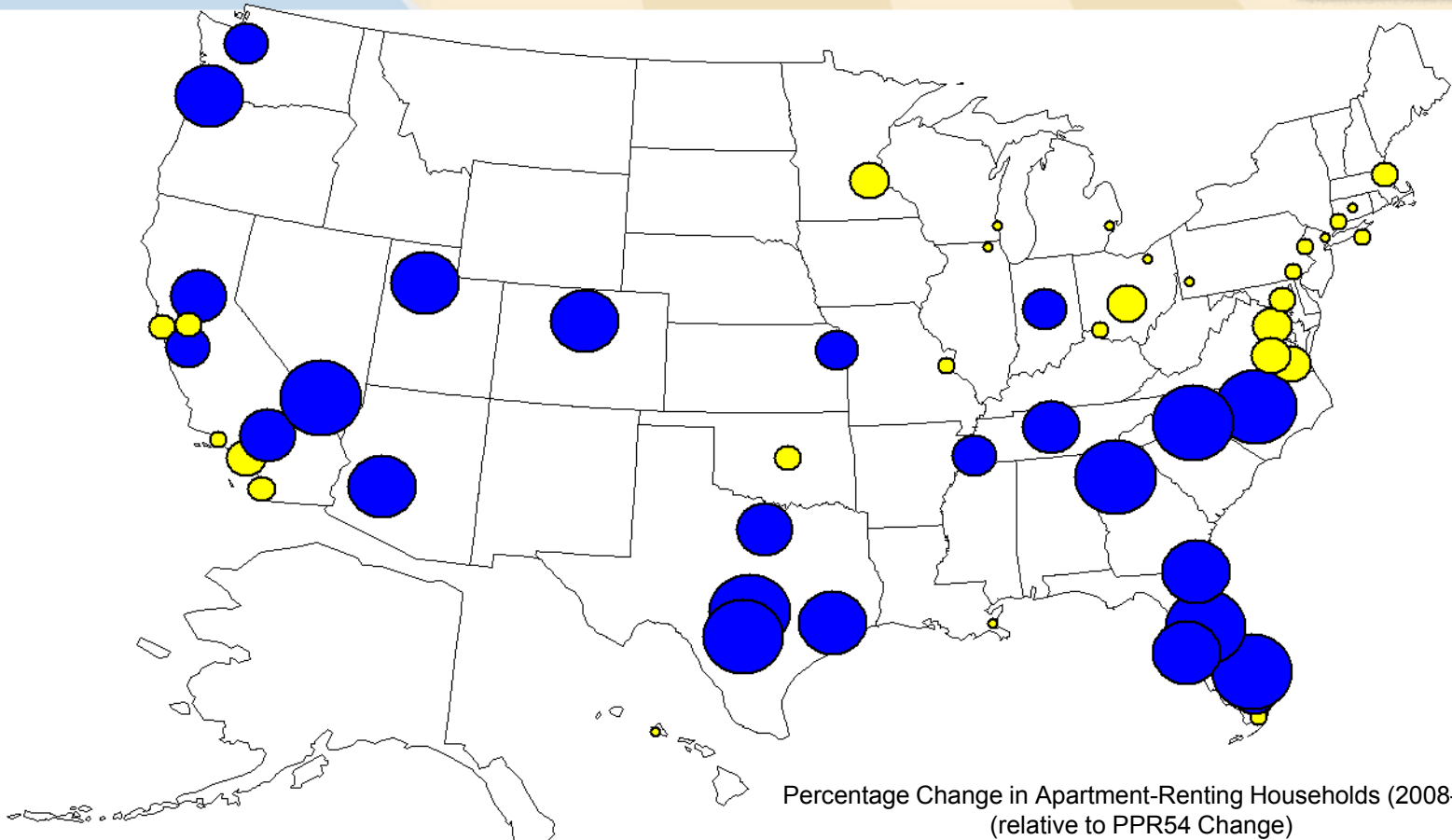
# Falling Home Prices ≠ Spike in Apartment Demand



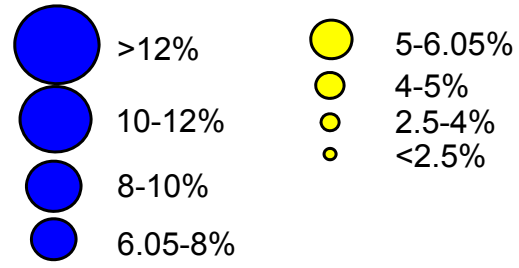
Source: NAR; PPR

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# Growth in Apartment Renting Households – 2008 to 2012



Percentage Change in Apartment-Renting Households (2008–12)  
(relative to PPR54 Change)



# Where Should Retail Have You Worried?



(2%)  
(4%)  
(6%)  
(2%)

(1%)



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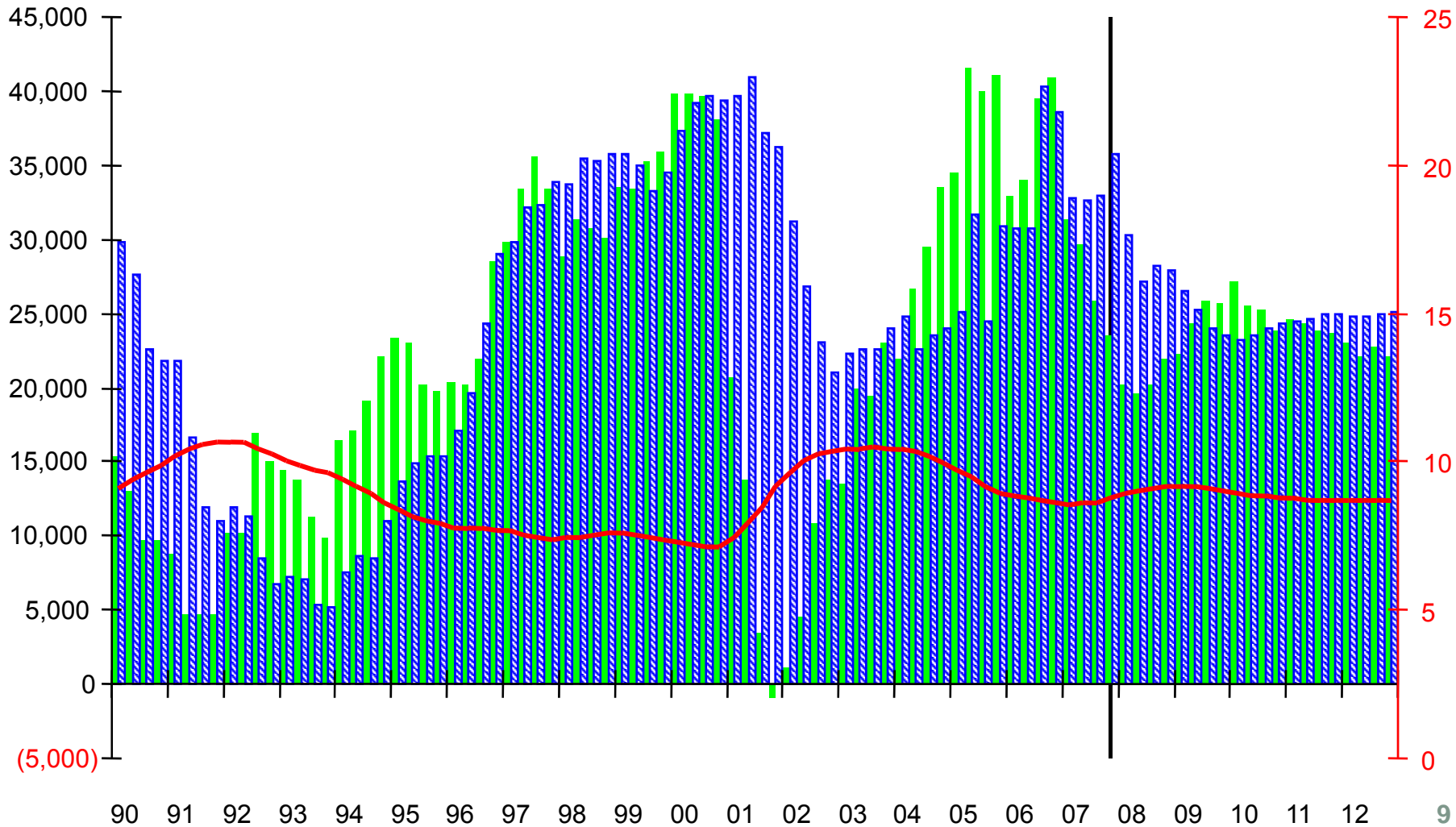
# Warehouse Fundamentals are OK



Quarterly Change in Demand    Quarterly Change in Supply    Vacancy Rate

Demand & Supply (000 SF)

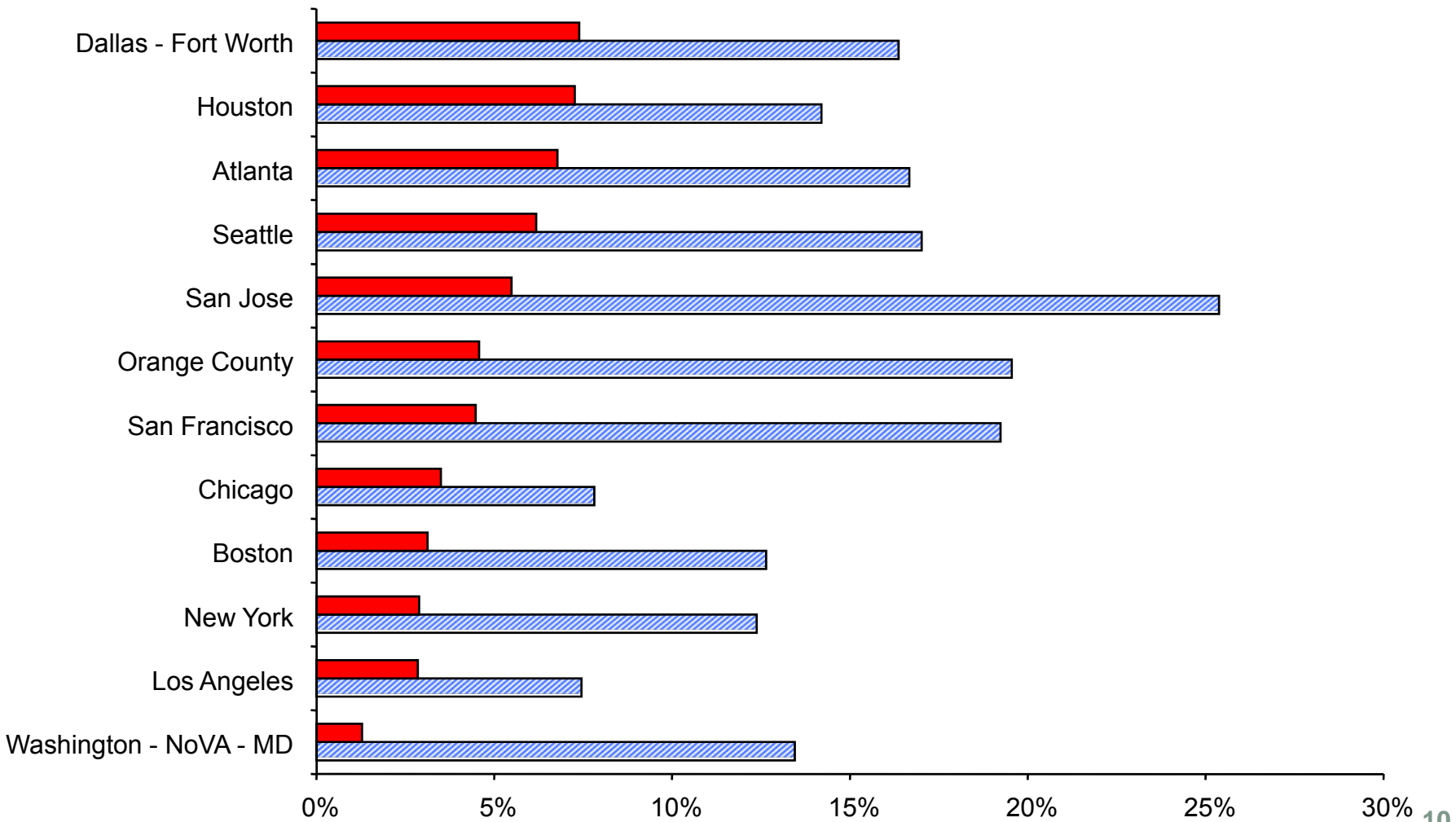
Percentage Vacant



# Slow Office Using Job Growth Ahead



Previous Expansion (1997Q2–99Q2)      Current Expansion (2007Q2–10Q2)

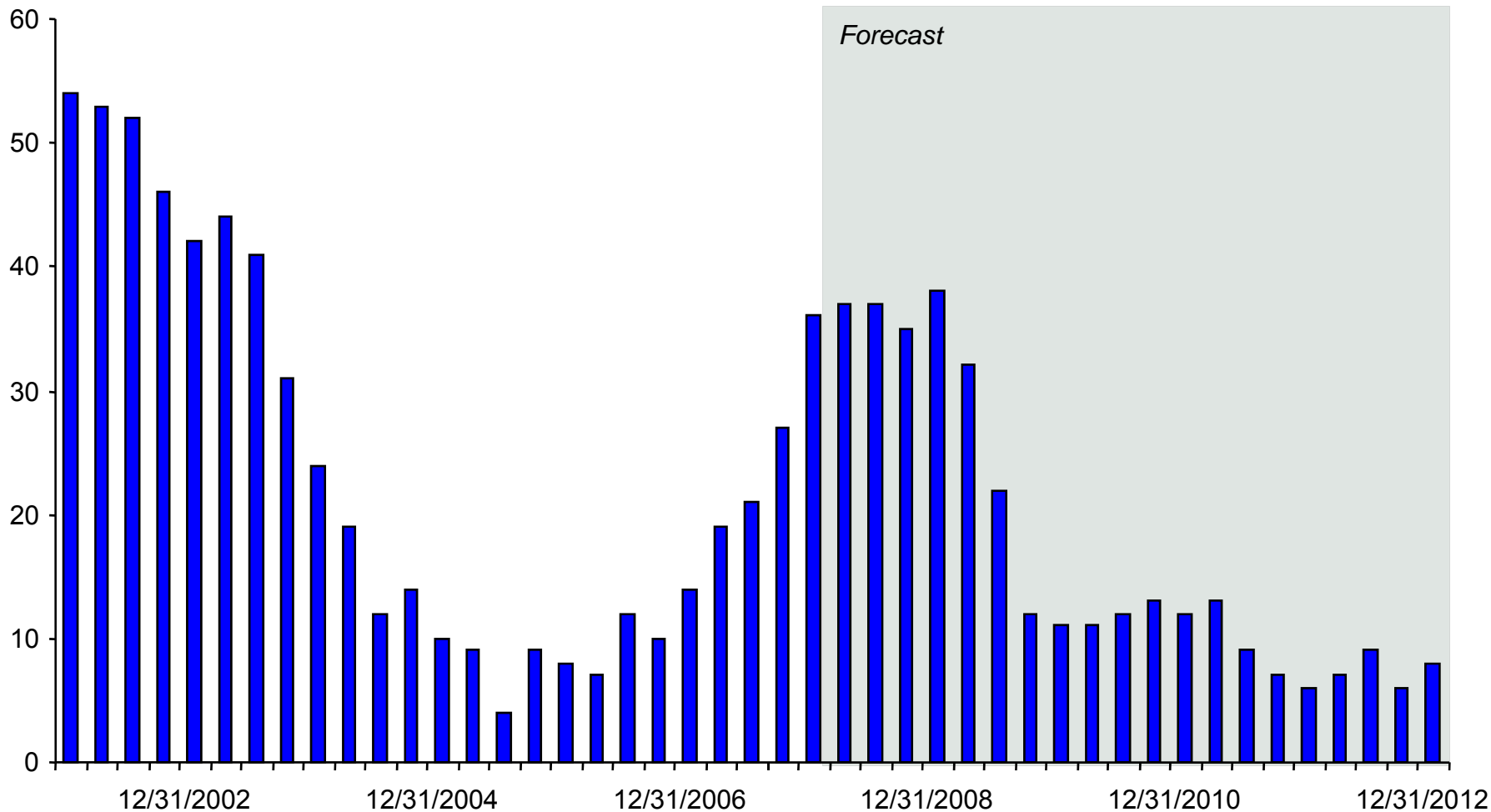


# Two Years of Rising Vacancy in Most Office Markets



### Number of Markets With Rising Vacancy Rates

# of Markets

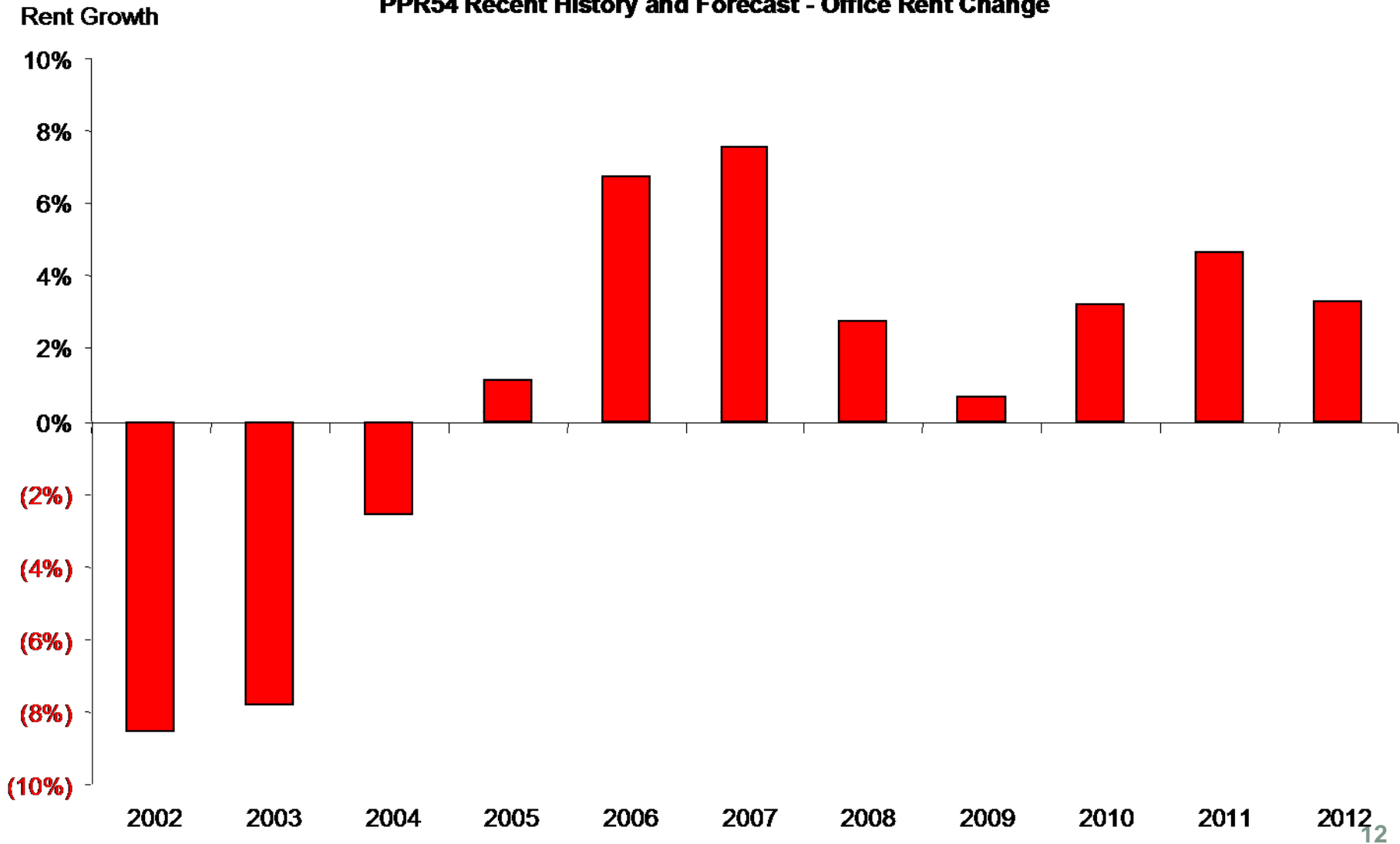


*Forecast*

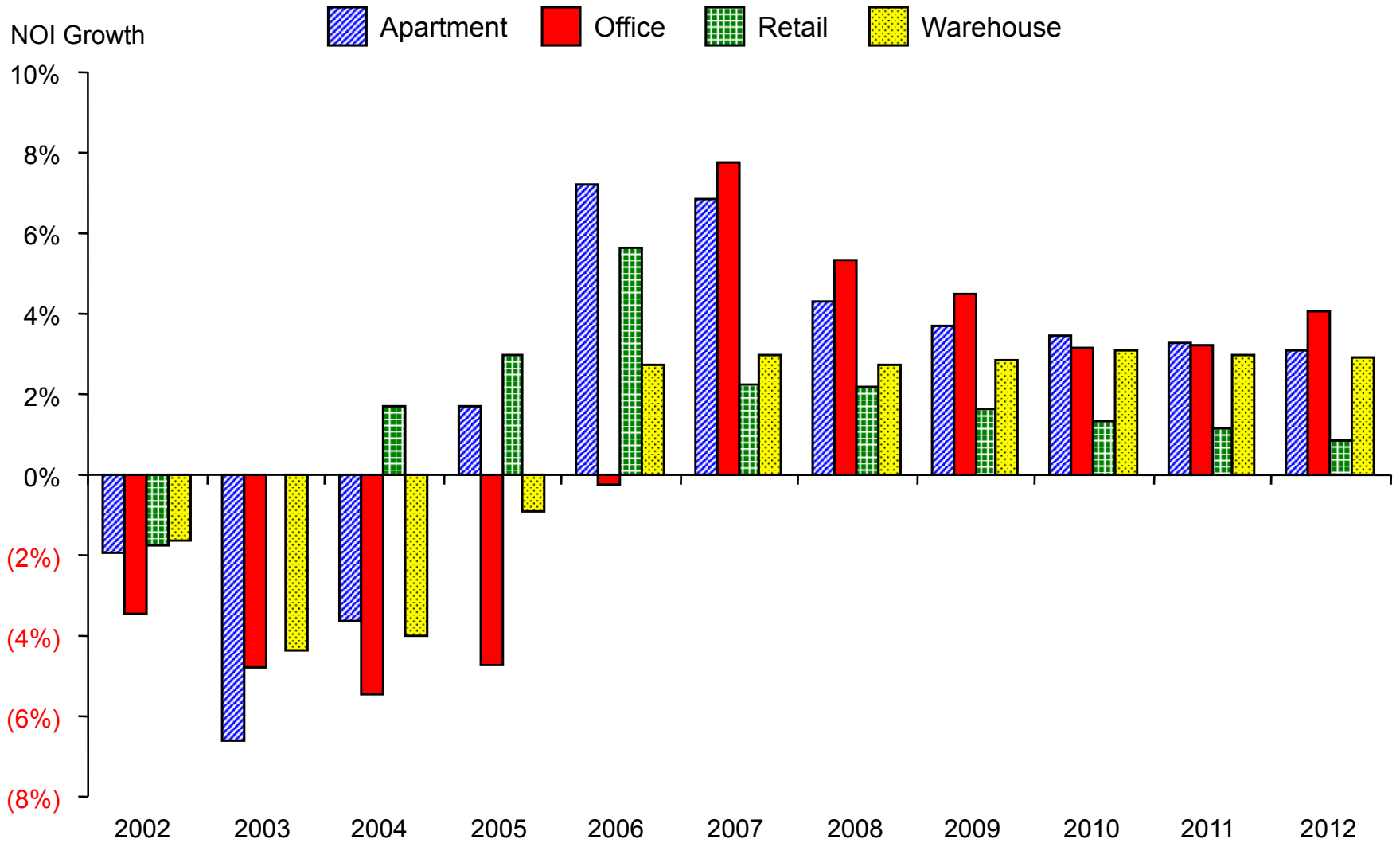
# Office Rent Growth Peaks This Year



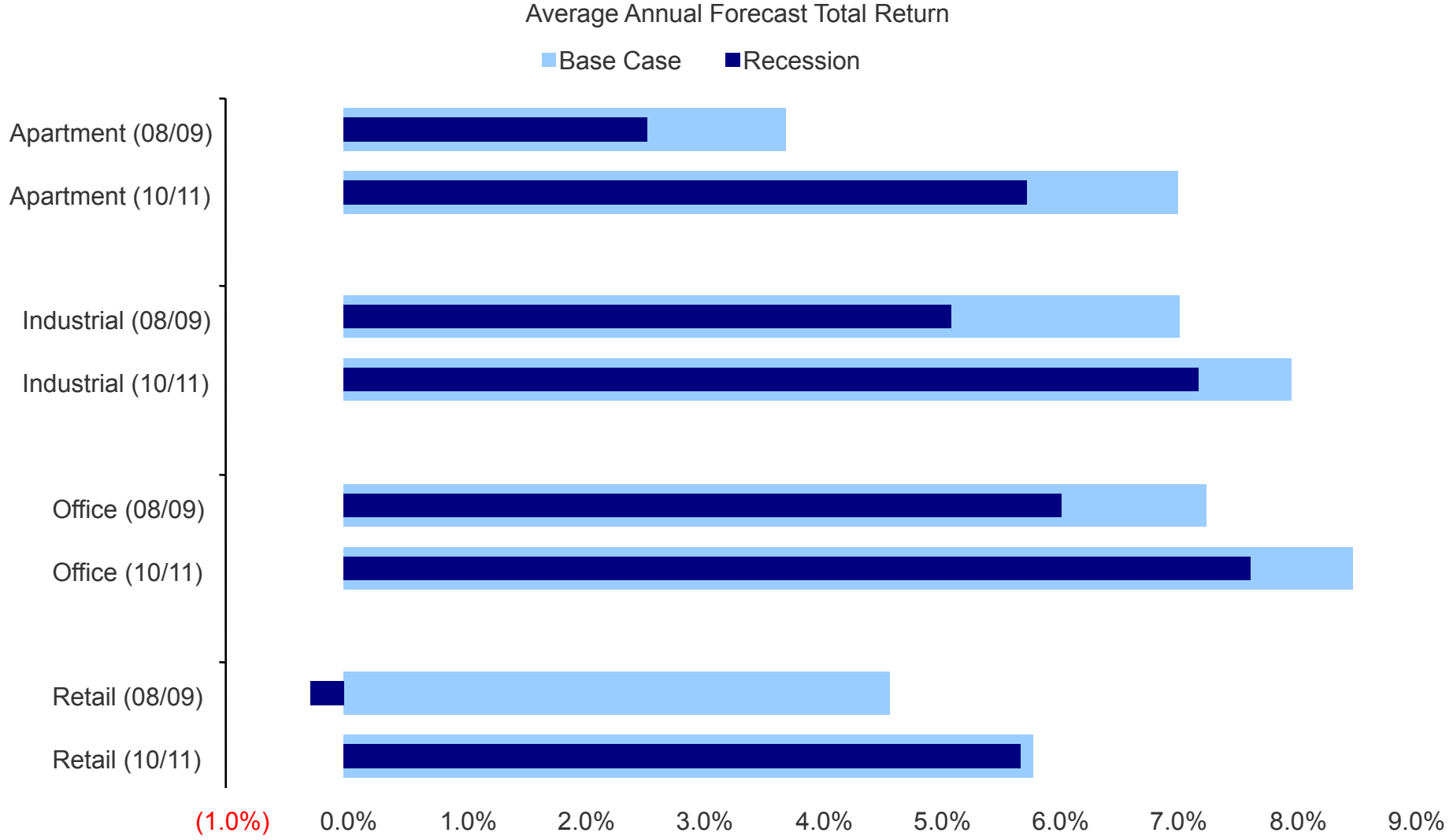
## PPR54 Recent History and Forecast - Office Rent Change



# Recent History and Forecast – NOI Growth



# Comparing Scenarios: Base Case vs. Recession

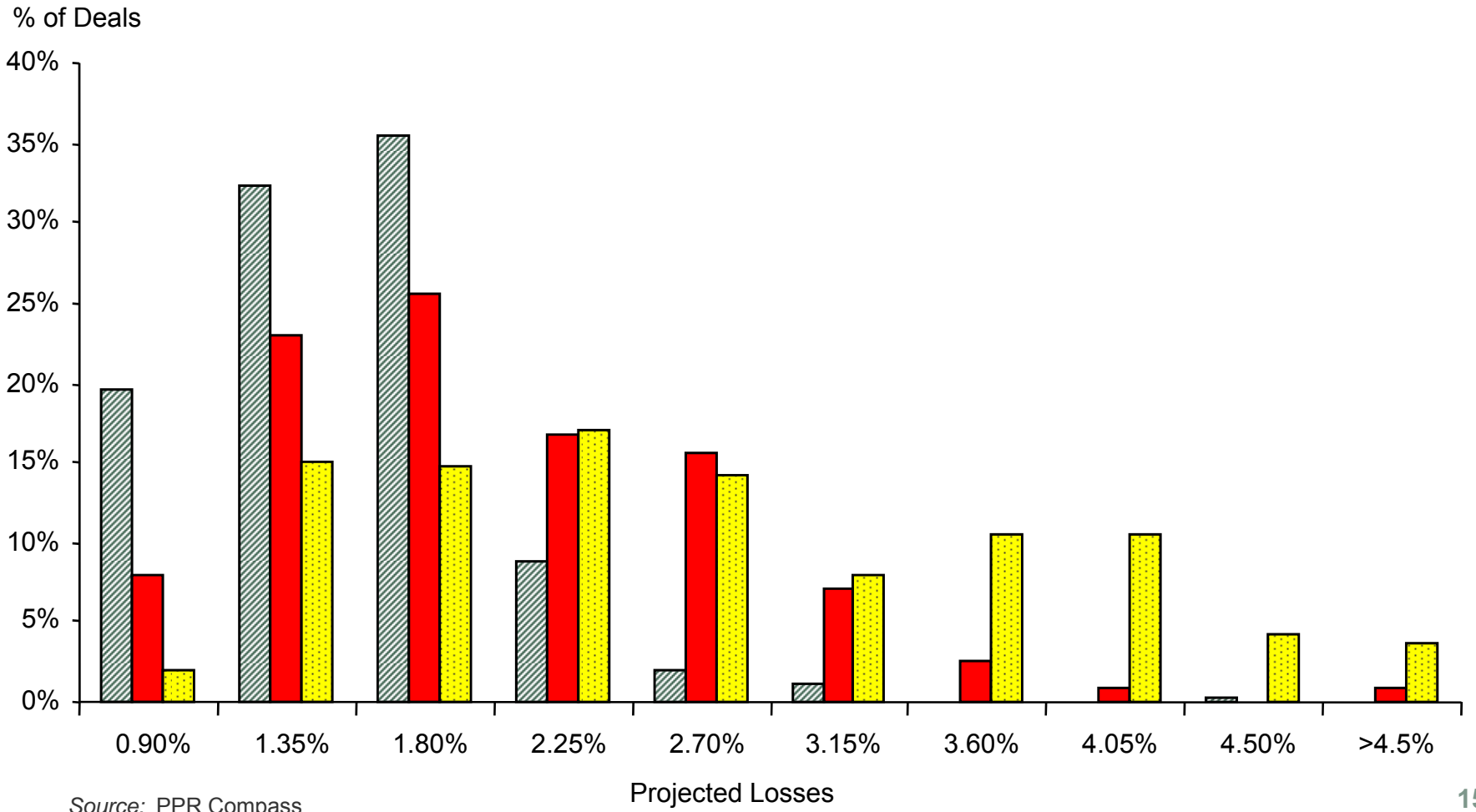


# Higher Risk = Being More Selective



Projected Losses By Scenario, 2004–2007 Vintages

Base
  Oversupply
  Recession



Source: PPR Compass

# Where is the Value?

