



Outlook for Commercial RE

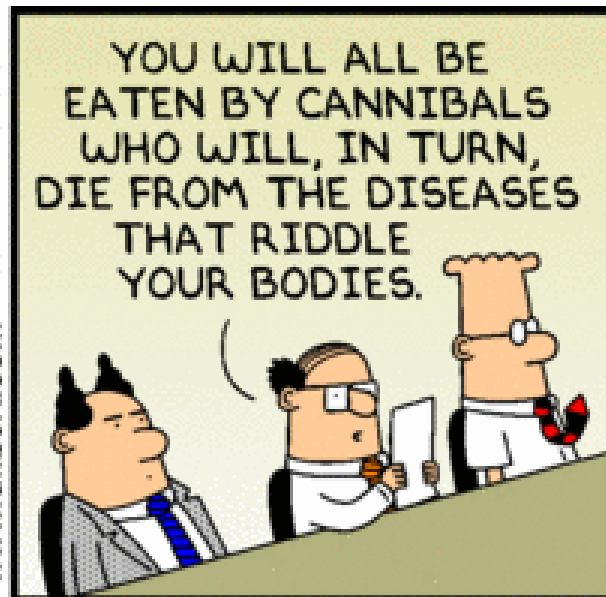
**Newmark Grubb
Knight Frank**

*Bob Bach
National Director, Market Analytics*

State of the Economy



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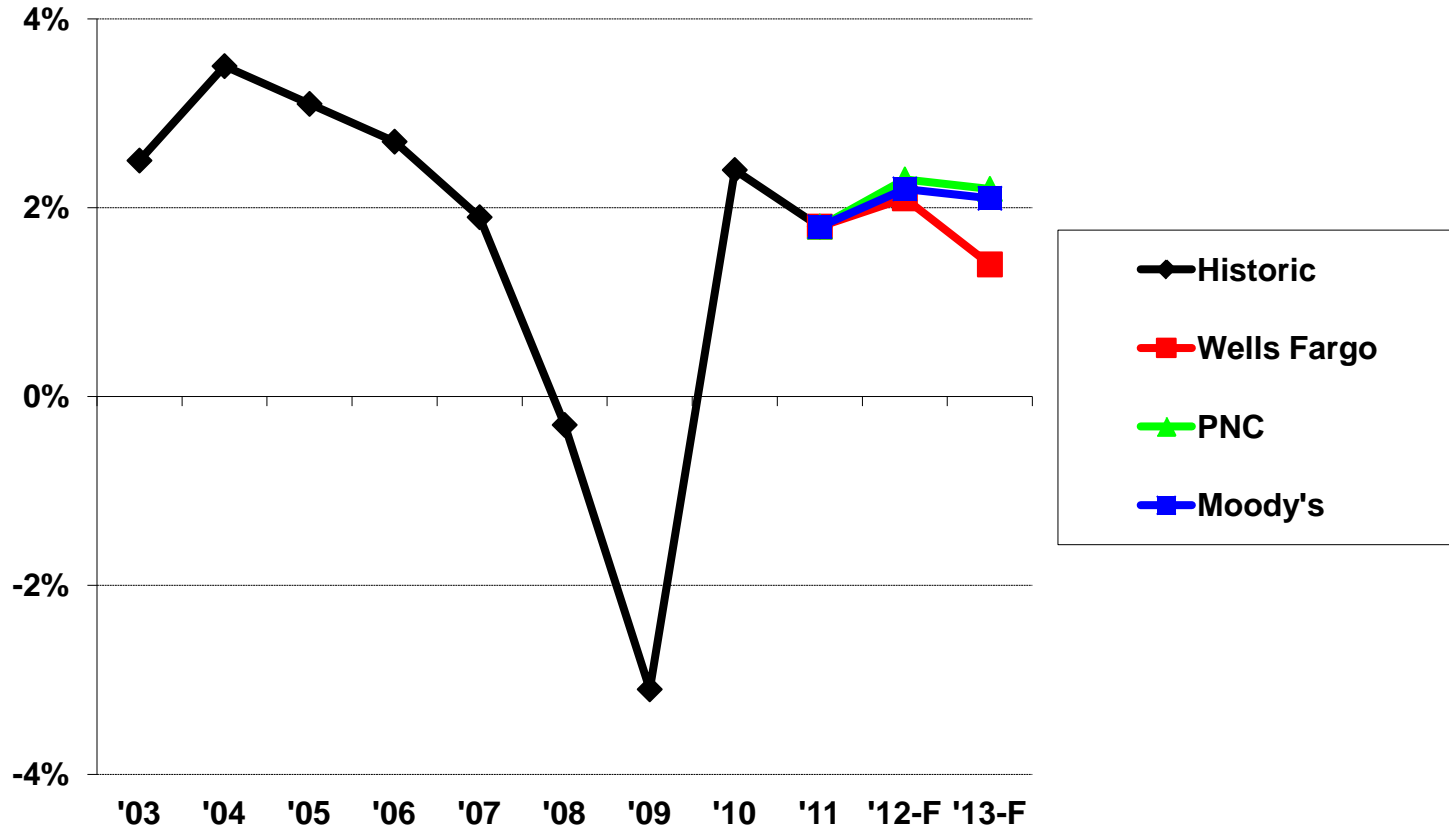


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Gross Domestic Product, Historic & Forecast

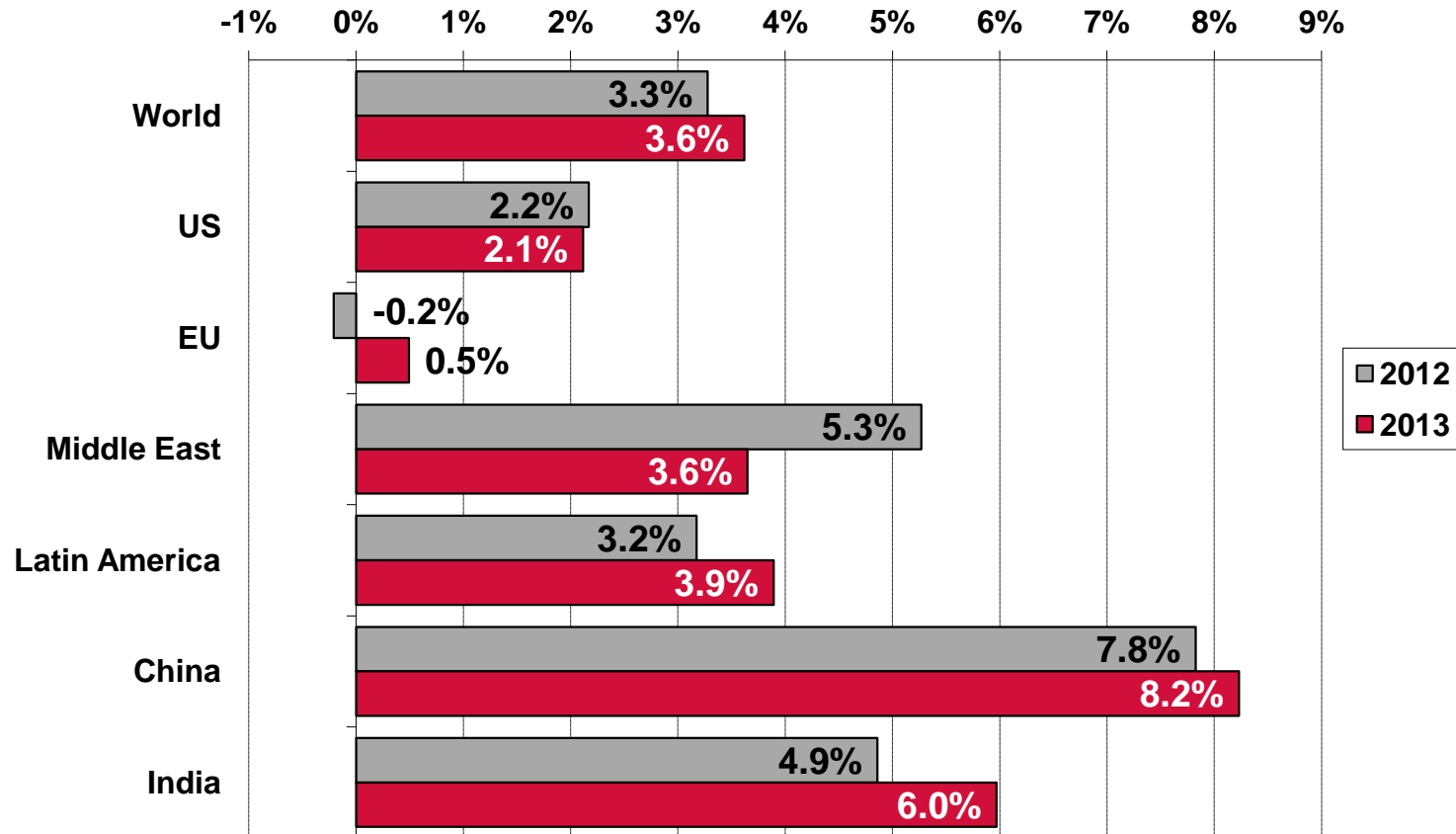
Annualized Percent Change



Source: NGKF, BEA, Moody's, PNC, Wells Fargo

Global GDP Growth

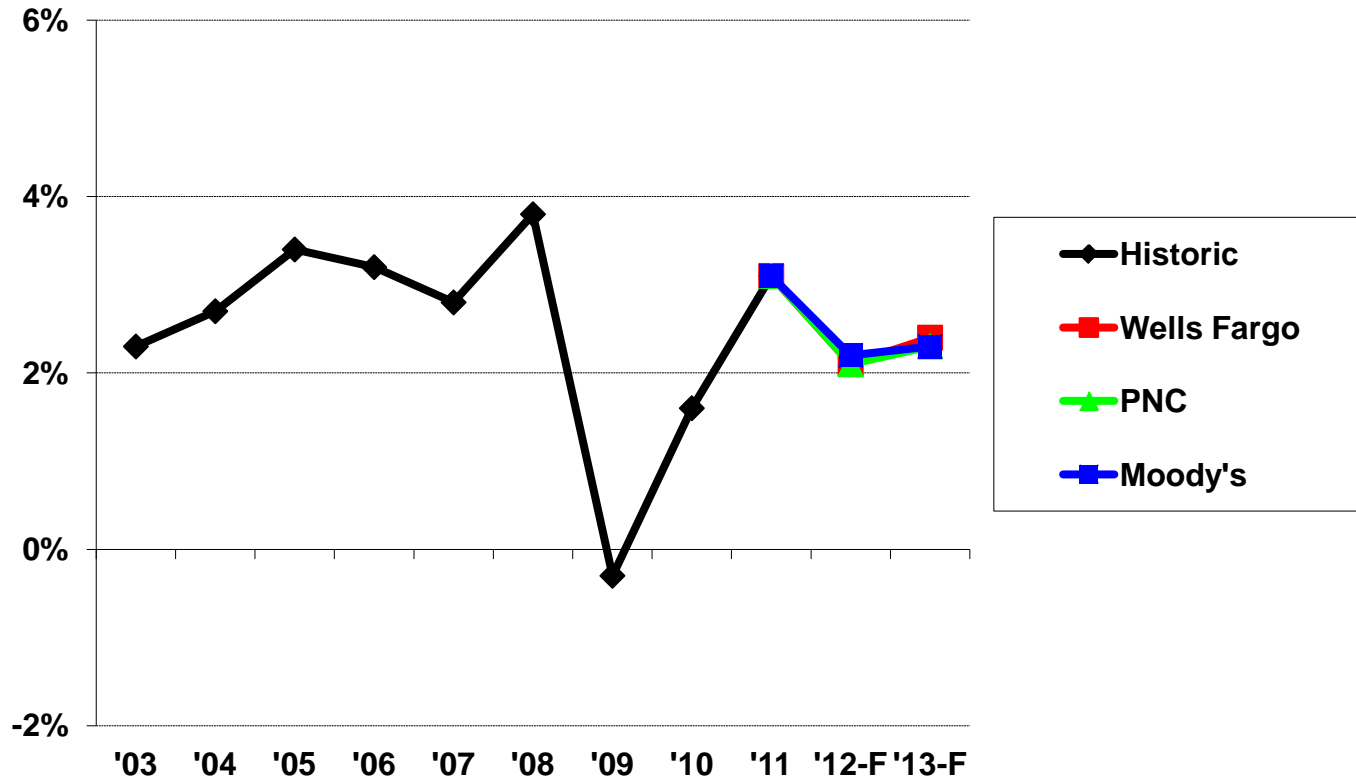
Selected Countries & Regions, 2012 & 2013



Source: NGKF, IMF

Inflation, Historic & Forecast

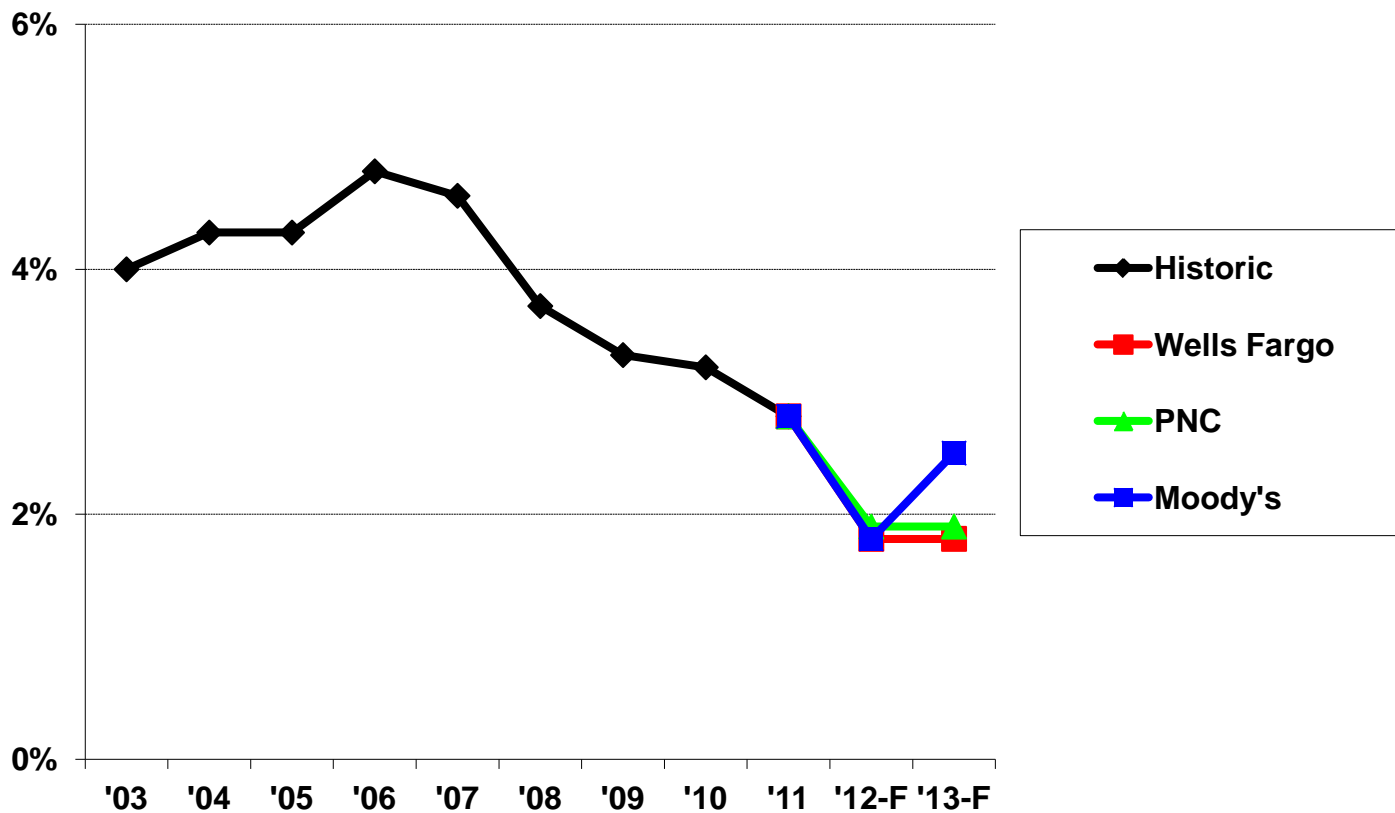
CPI-All Urban Consumers, % Change Year/Year



Source: NGKF, Moody's, PNC, Wells Fargo

10 Year Treasury Yield, Historic & Forecast

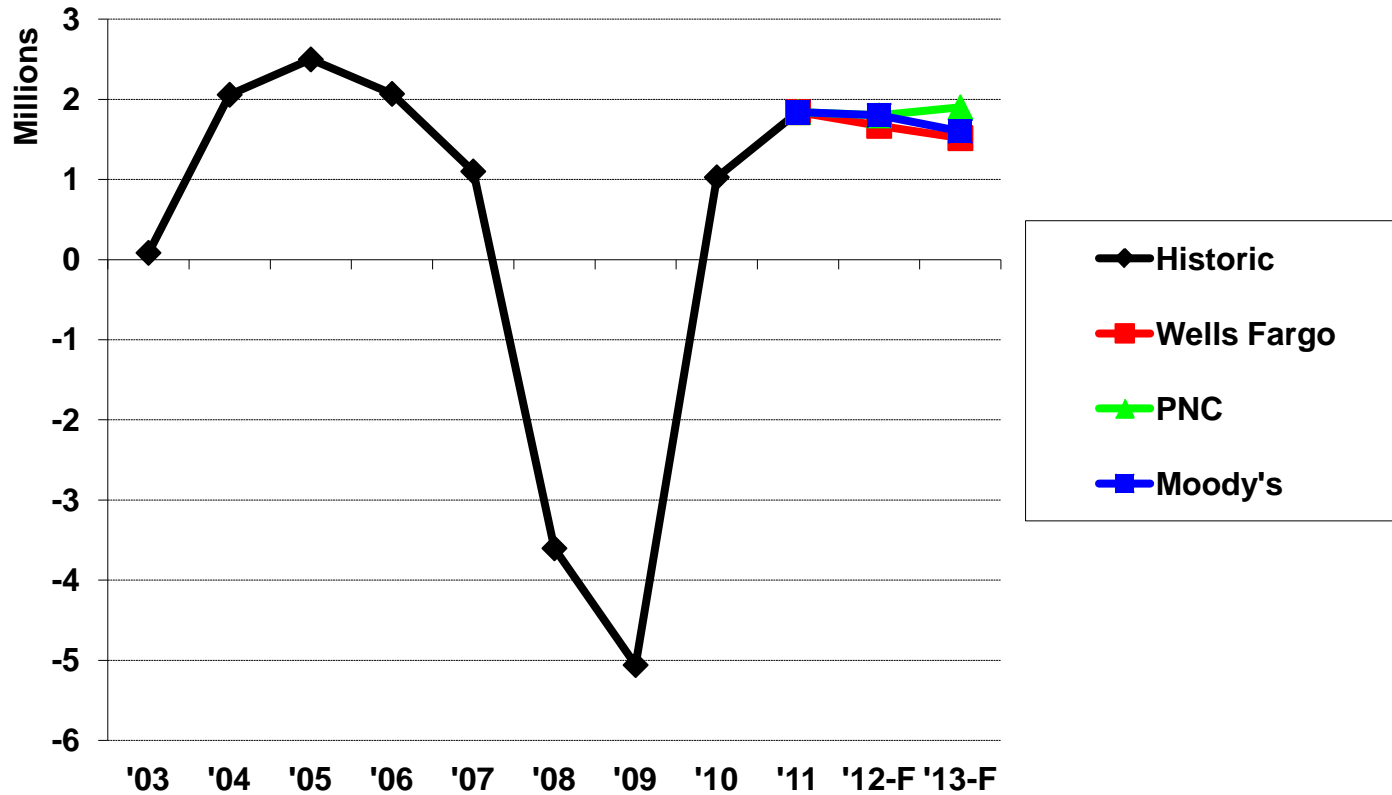
Annual Average



Source: NGKF, Moody's, PNC, Wells Fargo

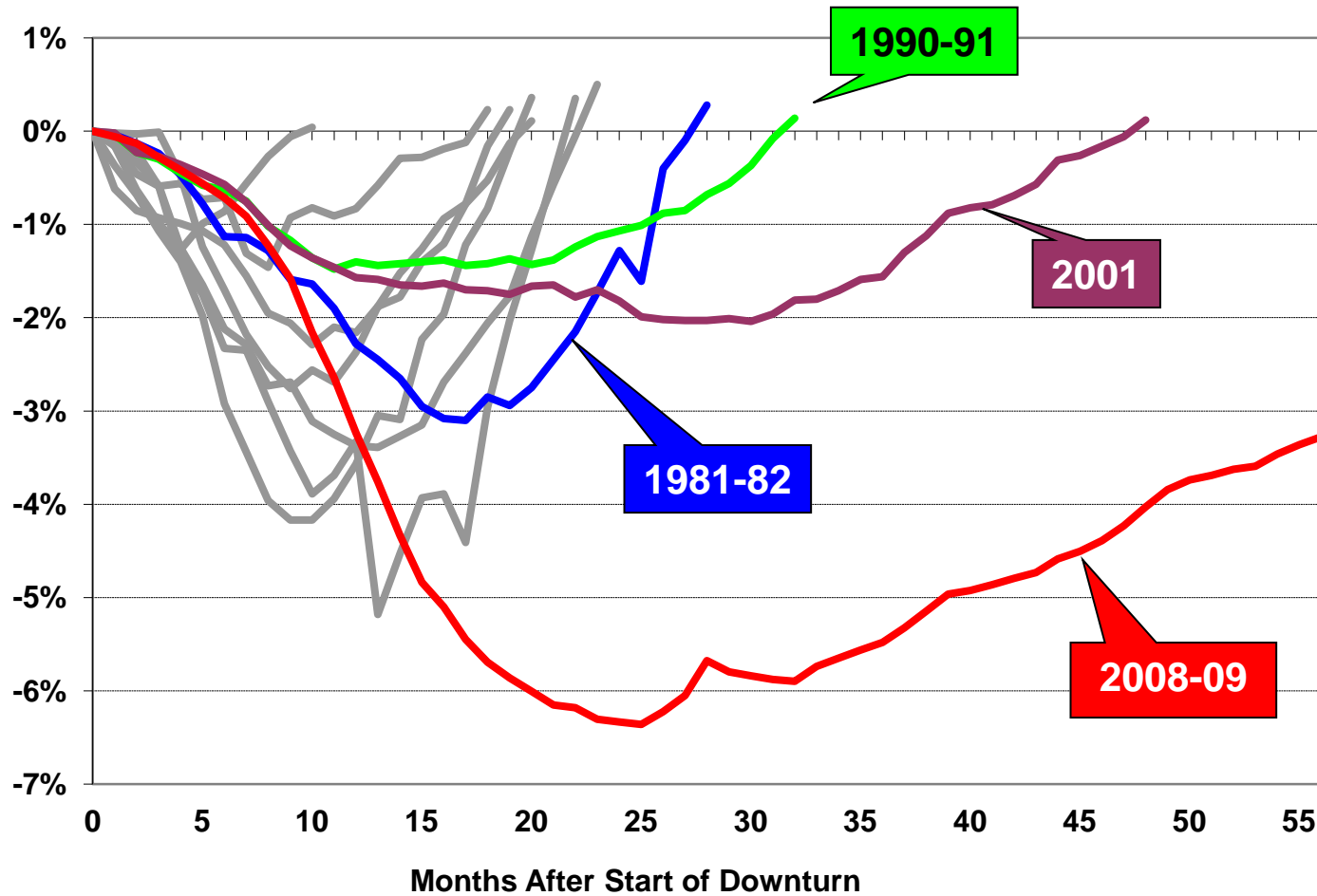
Payroll Job Change

Annual



Source: NGKF, BLS, Moody's, PNC, Wells Fargo

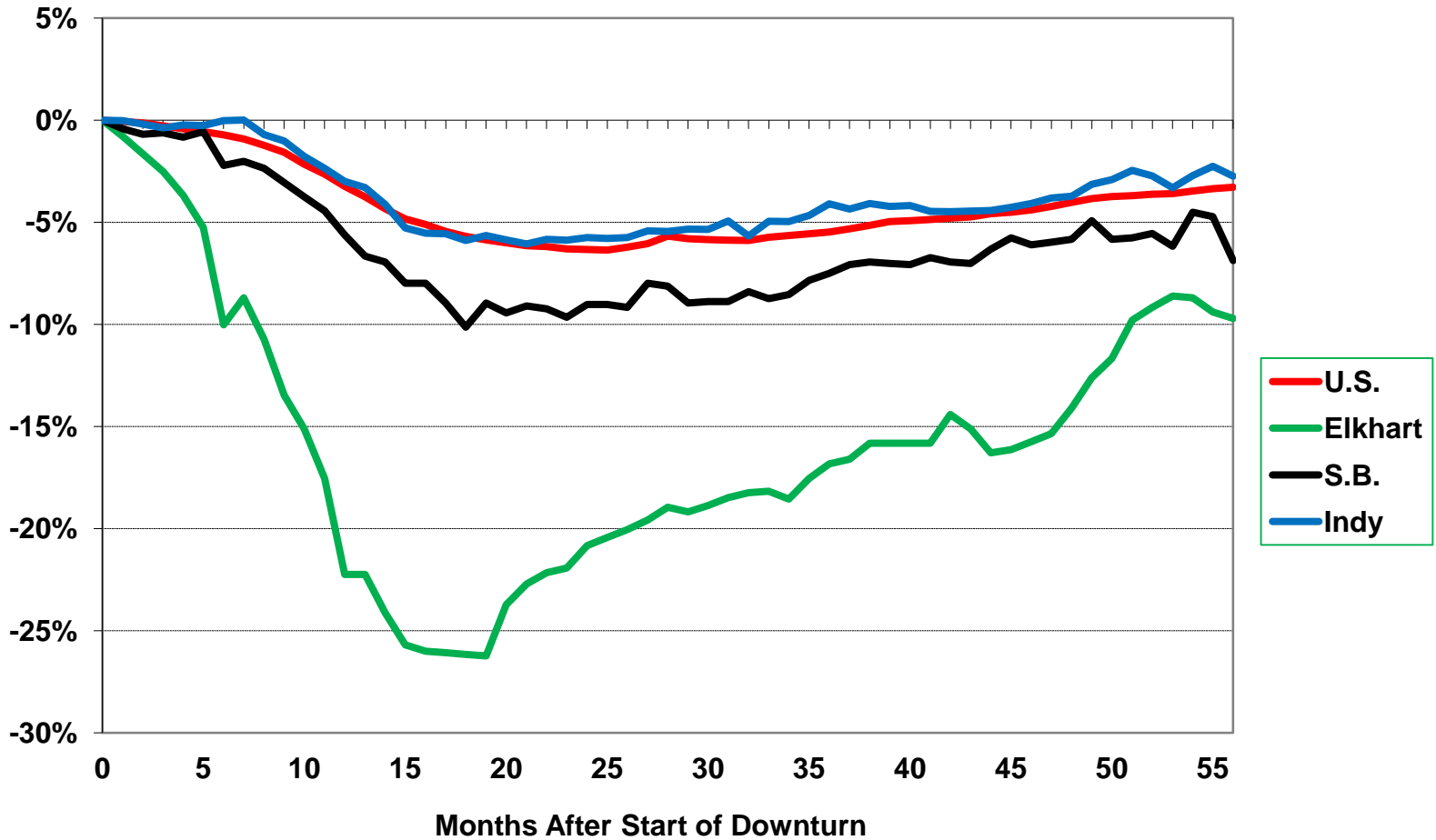
Job Losses Related to Post-War Recessions



Source: NGKF, BLS

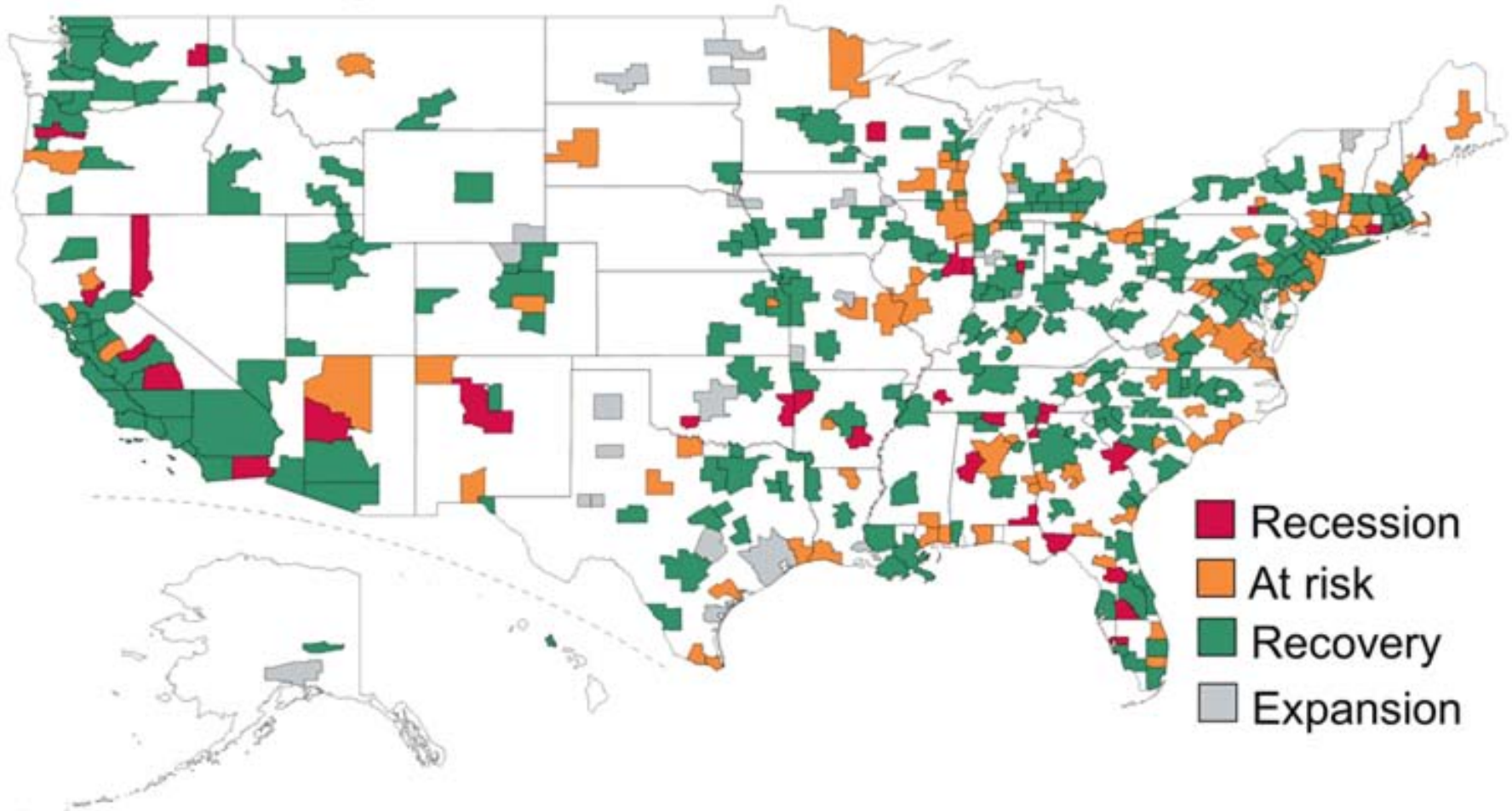
Job Losses Since Start of Great Recession

U.S., Elkhart-Goshen, South Bend-Mishawaka, Indianapolis-Carmel



Source: NGKF, BLS

Recovery Status by Metro Area

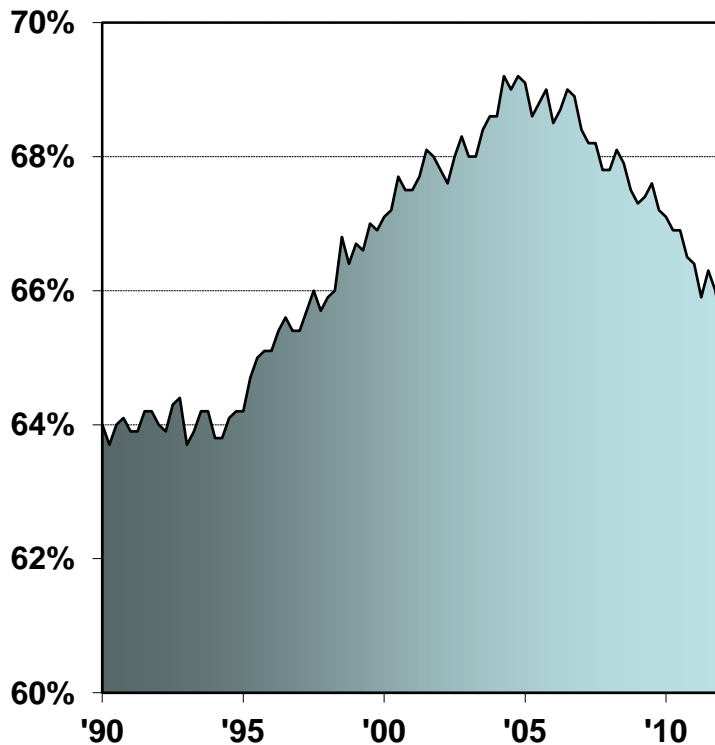


Source: Moody's Analytics

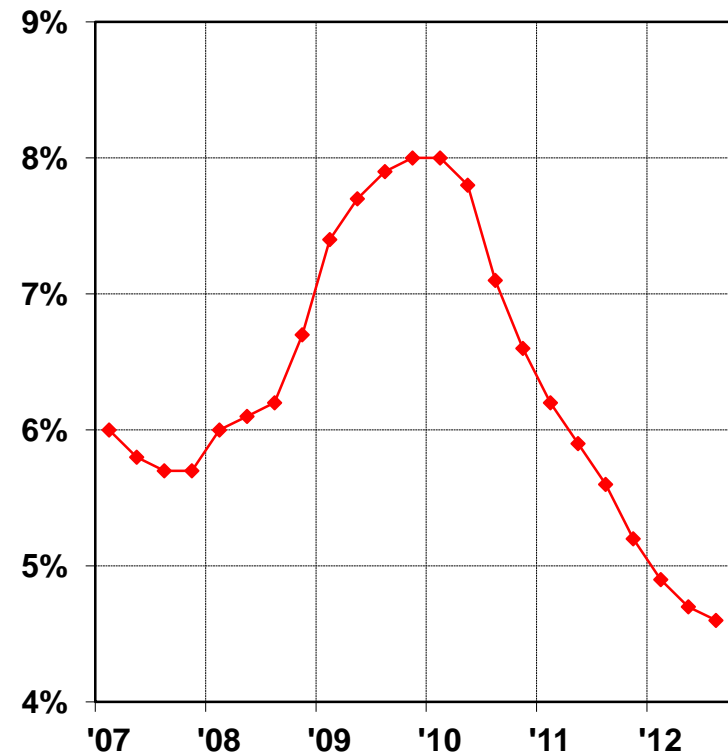
Apartment Market



Homeownership Rate By Quarter, Seasonally Adjusted



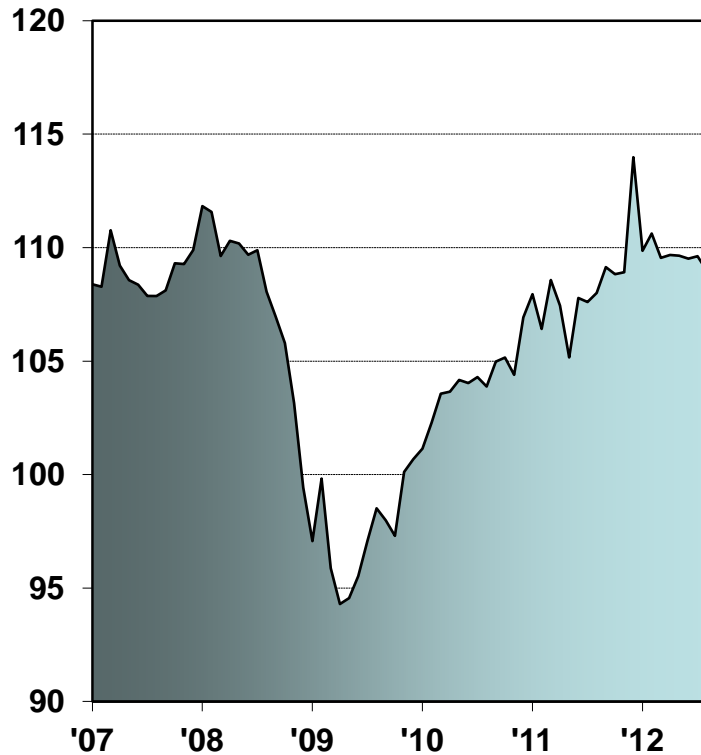
Apartment Vacancy Rate



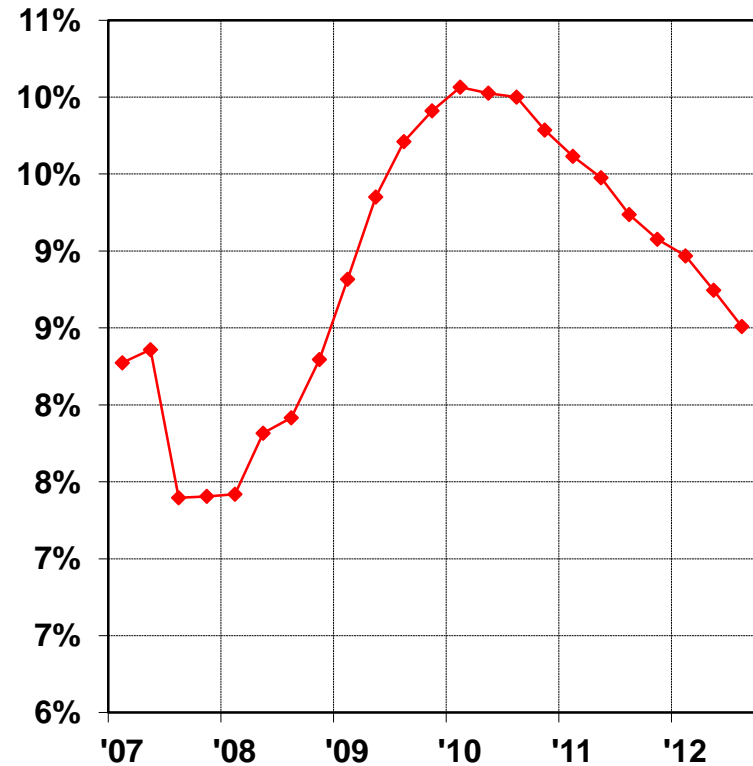
Source: NGKF Census Bureau, Reis



DOT Freight Index 2000 = 100



Industrial Vacancy Rate

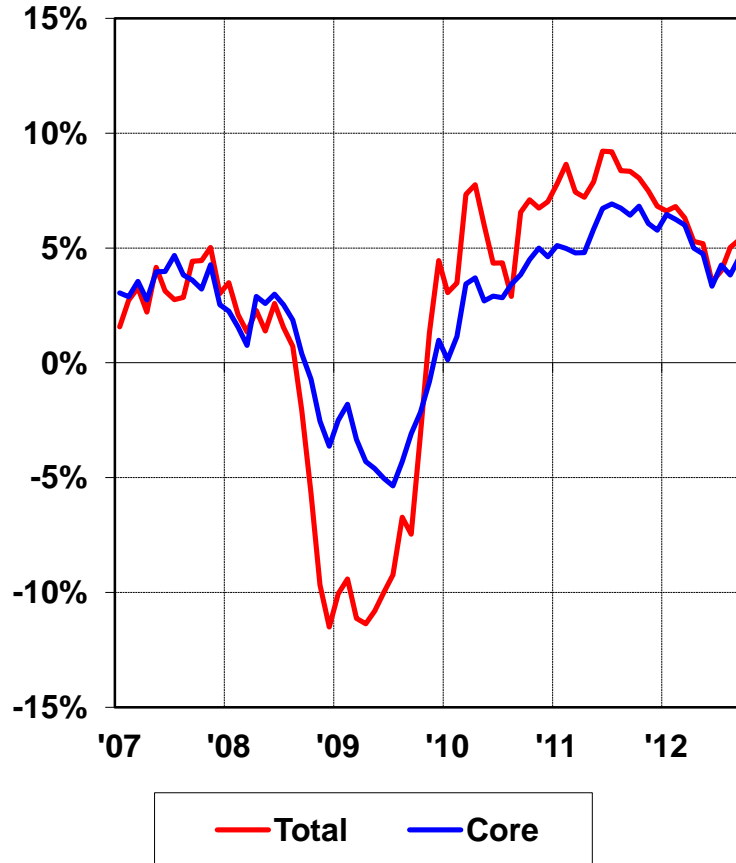


Source: NGKF, DOT

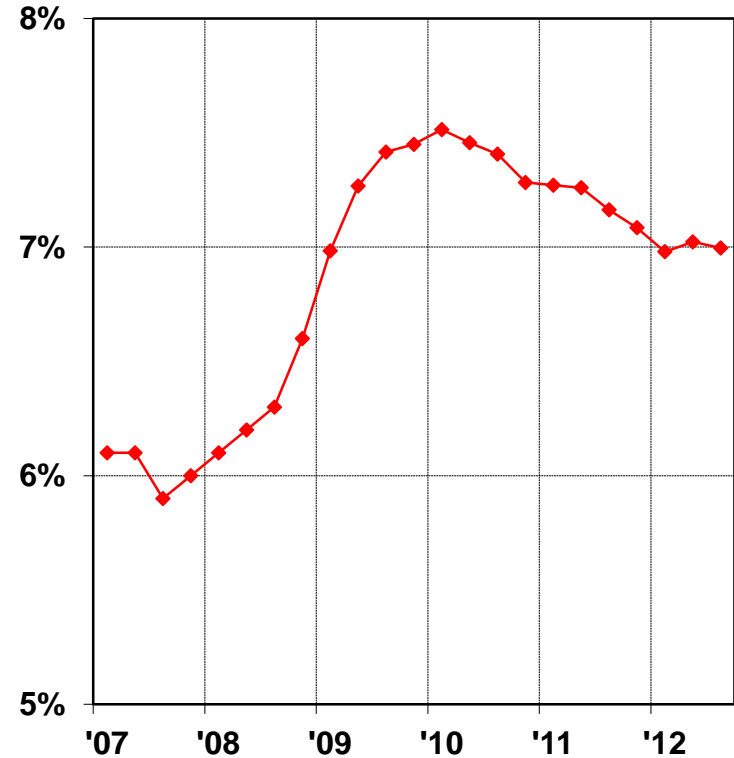
Retail Market



Monthly Retail Sales % Change Year Over Year, SA

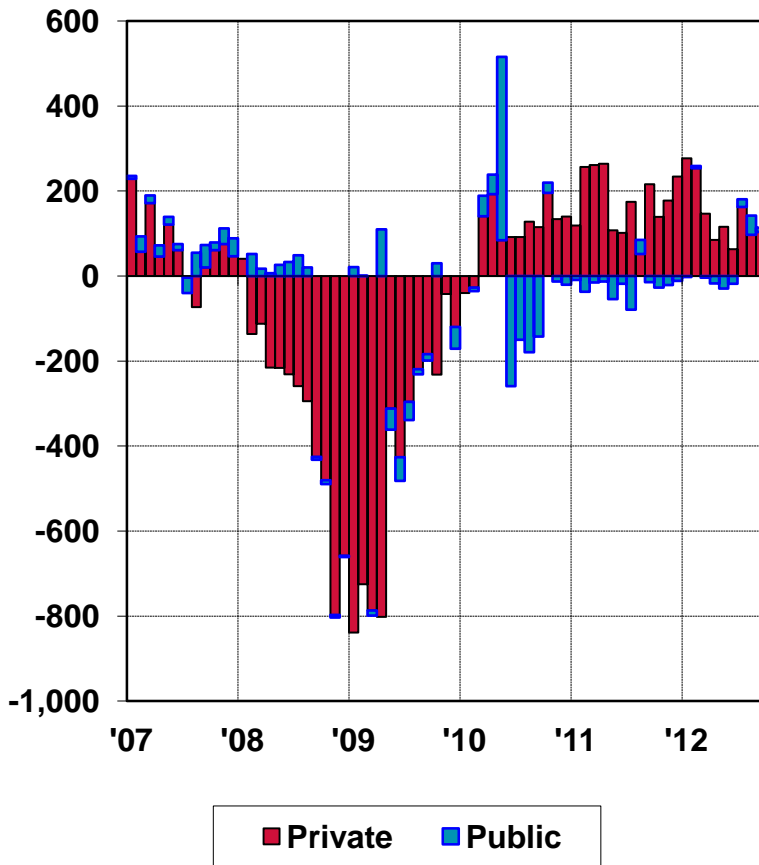


Retail Vacancy Rate

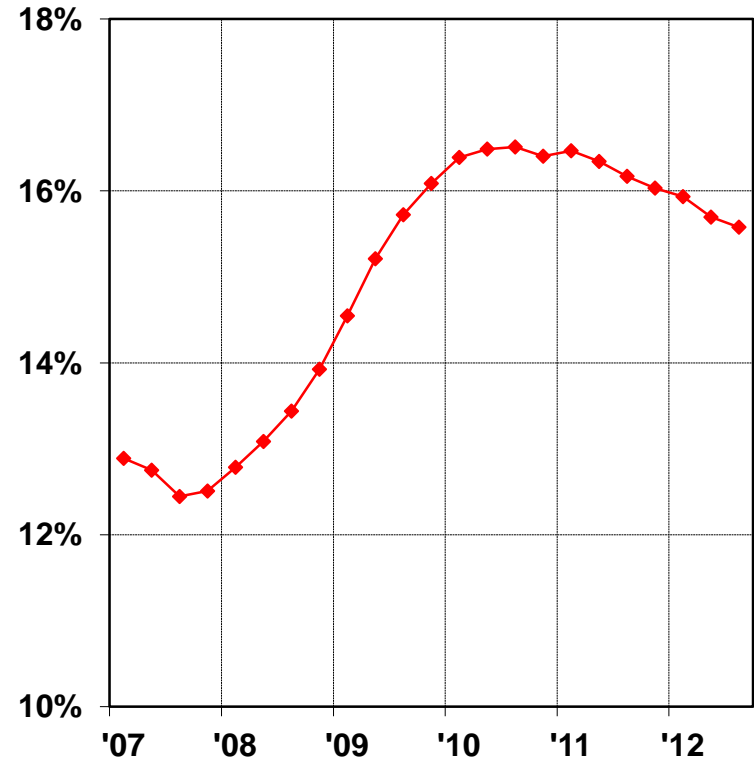


Source: NGKF, Census Bureau, CoStar

Payroll Employment Monthly Change (thousands)

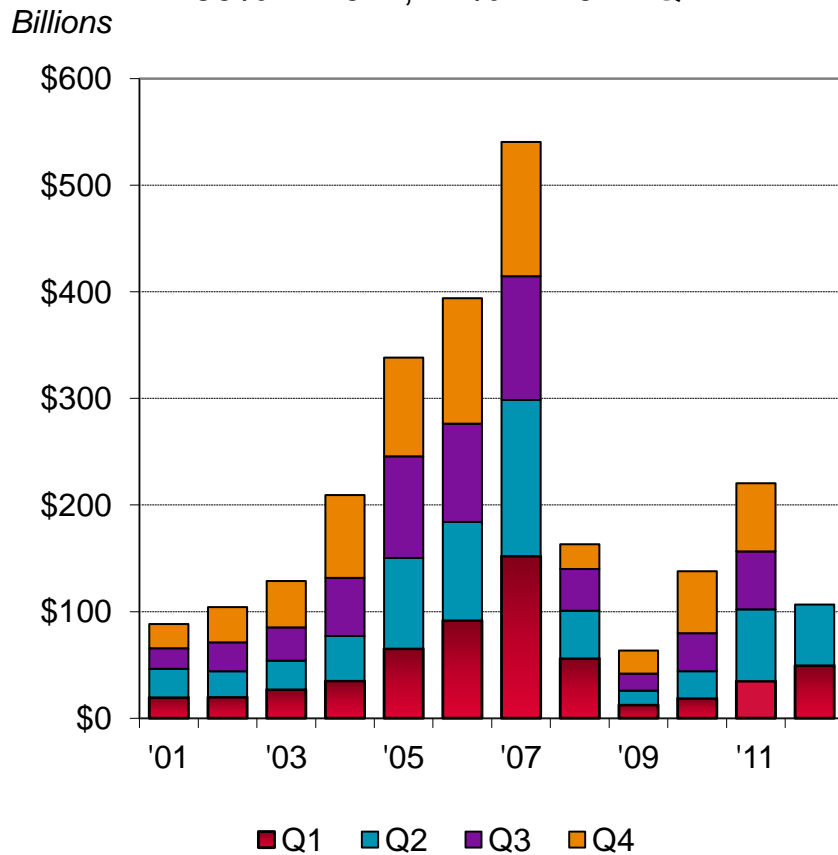


Office Vacancy Rate

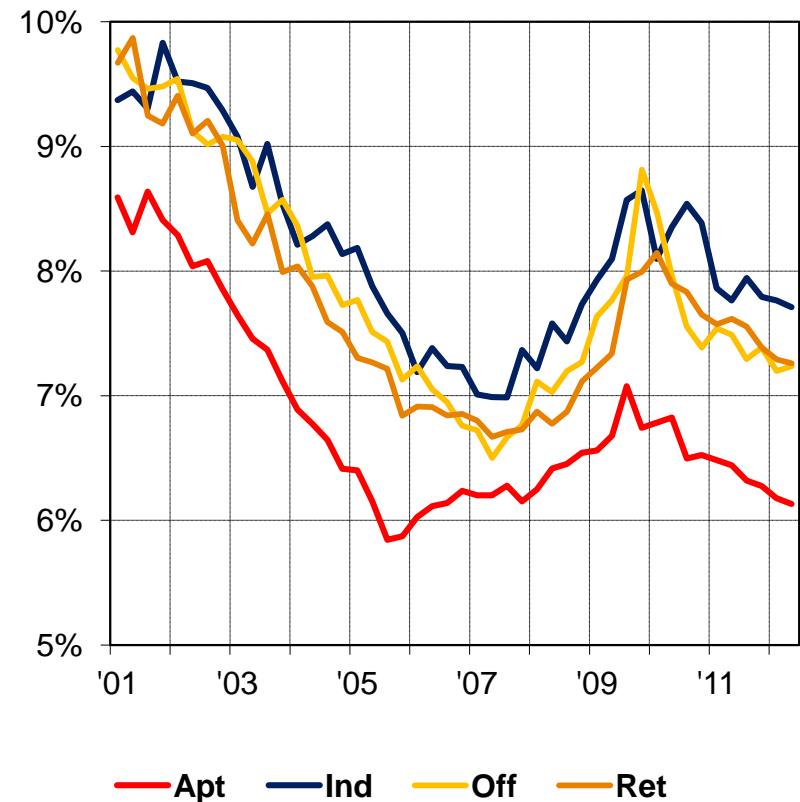


Source: NGKF, BLS

CRE Investment by Quarter
+60% in 2011, +4% in 2012-Q1



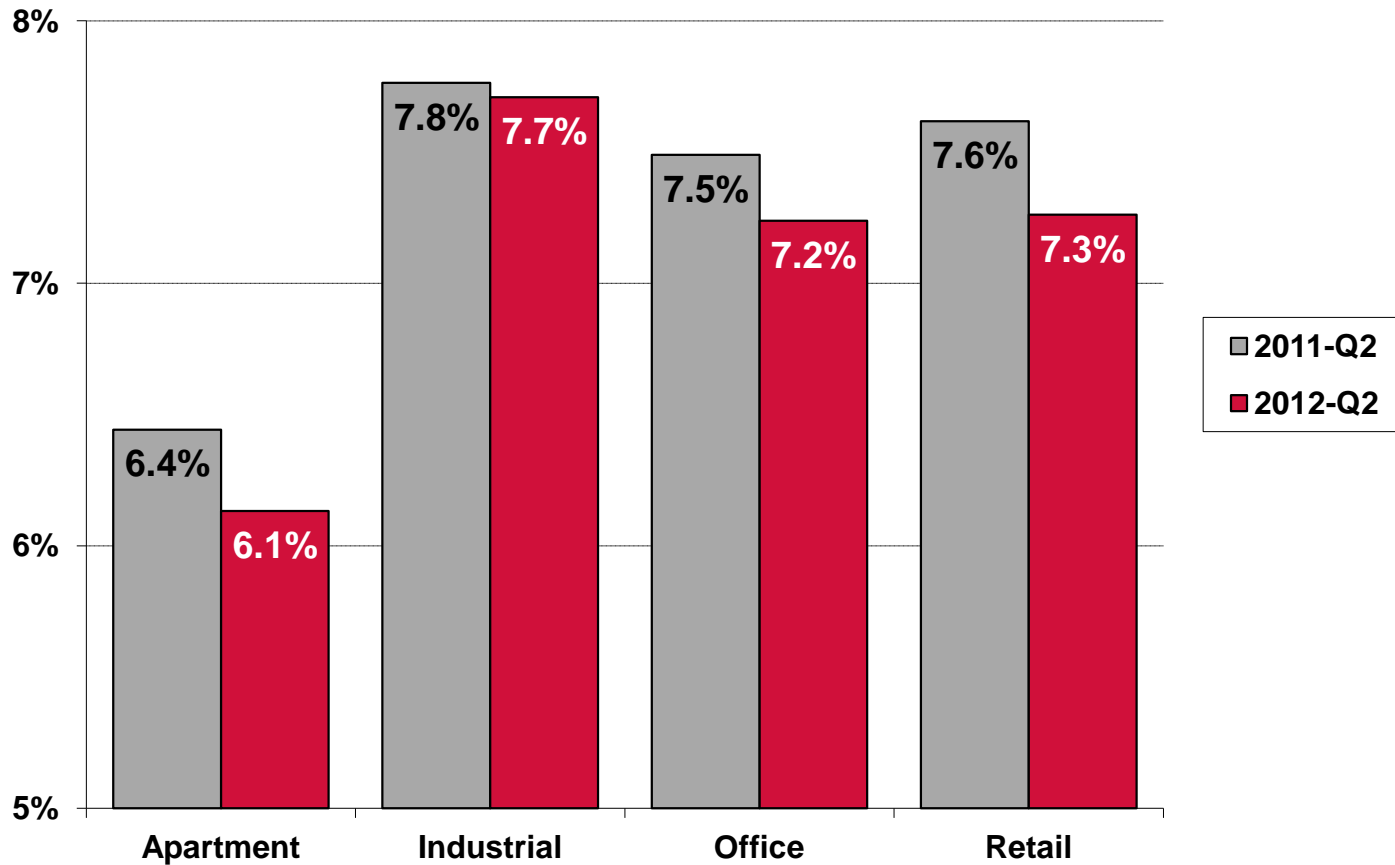
Avg. Quarterly Cap Rates



Source: NGKF, Real Capital Analytics

Cap Rates by Property Type

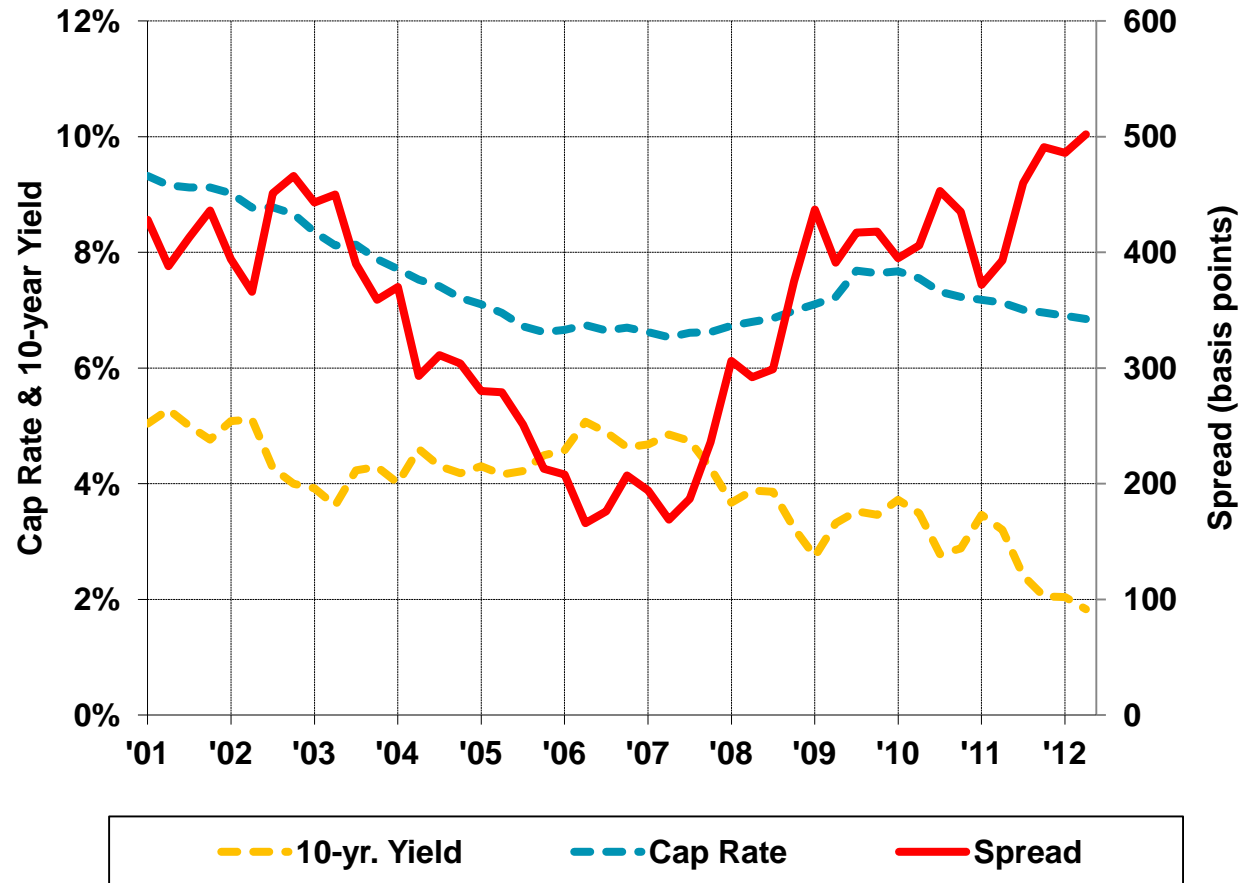
2012-Q2 vs. 2011-Q2



Source: NGKF, Real Capital Analytics

Avg. Cap Rate vs. 10-year Treasury Yield

Quarterly

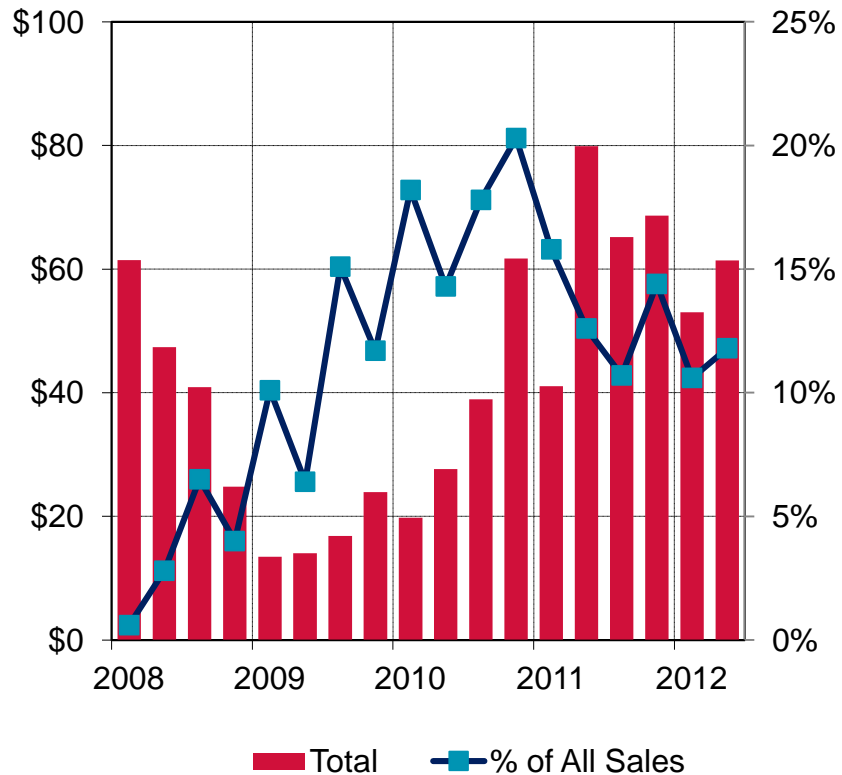


Source: NGKF, Real Capital Analytics

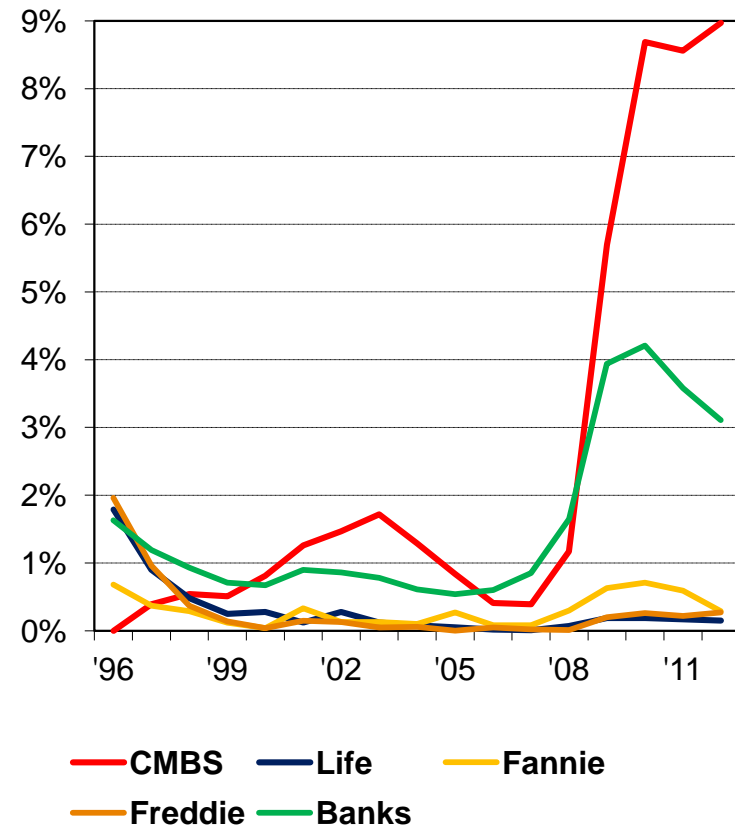
Commercial Mortgage Conditions



Distressed Sales



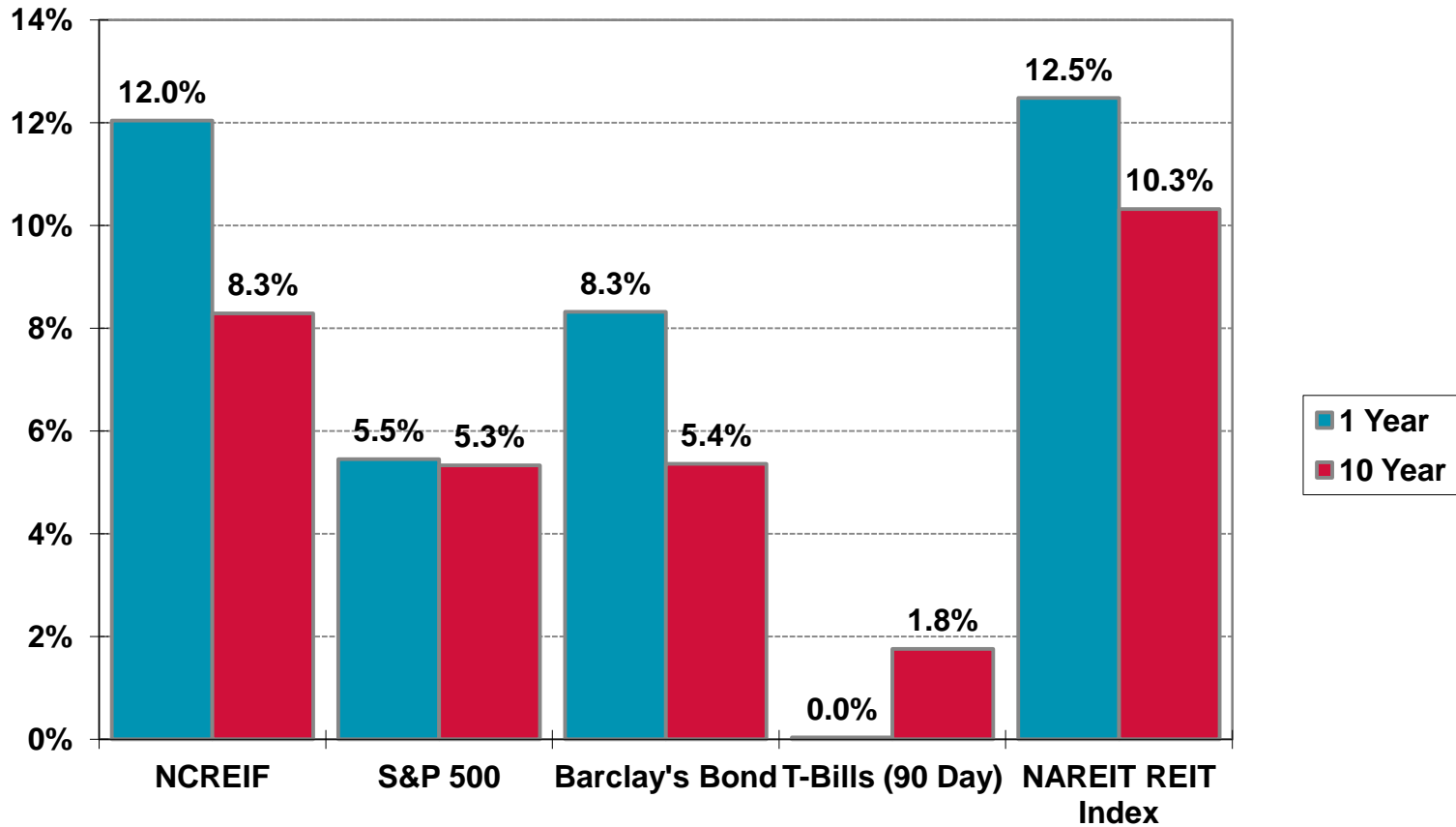
Delinquency Rates Thru 2012-Q2



Source: NGKF, Real Capital Analytics, Mortgage Bankers Assoc.

Annualized Returns by Asset Class

1 & 10-Year Periods Ending 2012-Q2



Source: NGKF, NCREIF

Political Implications



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