Macro outlook and indicators

*Markets “climbing a wall of worry”*
The headlines have been unsettling

- China Slows
- Oil Price Declines
- Negative Interest Rates
- Low Productivity
- Weak Investment
- EM Currency Swings
- Greater Uncertainty
- Brexit Impact
- FED Moves
- Hillary vs. Donald

Source: JLL Research
Economic policy uncertainty at all-time high
Record uncertainty due to Brexit, China, and the Fed, and upcoming U.S. elections

Where are we in the cycle? Office rental clock shows that depends on where you look

**Q3 2015**

- Rental Value growth slowing
- Rental Value growth accelerating
- Rental Values bottoming out
- Rental Value falling

**Q3 2016**

- Rental Value growth slowing
- Rental Value growth accelerating
- Rental Values bottoming out
- Rental Value falling

Based on rents for Grade A space in CBD or equivalent. In local currency. As of Q3 2016  The JLL Property Clocks SM


Americas, EMEA, Asia Pacific
U.S. economic expansion in perspective…room to run?

Growth more likely to last 3-4 years than only 1-2

Source: Bureau of Economic Analysis; JLL Research
Election impact - “pray for gridlock”
Fed now expected to hike in December, but path certainly likely to remain dovish

Fed Funds Rate

September 2016 Median Forward Guidance from Fed Open Market Committee (“dot plot”)

Oxford Economics Forecast
Forecast Updated Sept. 13th

Fed Fund Futures
Dashed line is August 31st

Fed Forward Guidance (Sept. 2016)
Fed Futures (31 August 2016)
Fed Futures (30 September 2016)
Oxford Economics Forecast (20 Sept. 2016)

Source: Bloomberg, Federal Reserve  Updated 30 September 2016.
U.S. inventory growth is muted outside of apartments

Year-over-year change

Sources: Reis; CoStar; JLL Research
And the usage of debt has been relatively restrained

Total commercial and multifamily mortgages outstanding

Sources: Federal Reserve; JLL Research
In addition to the economic and real estate cycles, the demographic cycle will be critical for growth.

Population of U.S. by age and sex, 2015

Source: United Nations, Department of Economic and Social Affairs, Population Division (2015), JLL
Structural shift into alternative investments, real assets, and real estate create another long-term tailwind

Pension fund Strategic Asset Allocation (SAA) for largest Pension Fund countries

Source: Towers Watson, IPE
About JLL

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