

# Highlights from the **ULI/EY Real Estate Forecast**

## **Consensus**

A Survey of Leading Real Estate Economists/Analysts  
October 2014

[uli.org/consensusforecast](http://uli.org/consensusforecast) or [ey.com/rhc](http://ey.com/rhc)

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**Urban Land  
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ULI Center for Capital Markets  
and Real Estate



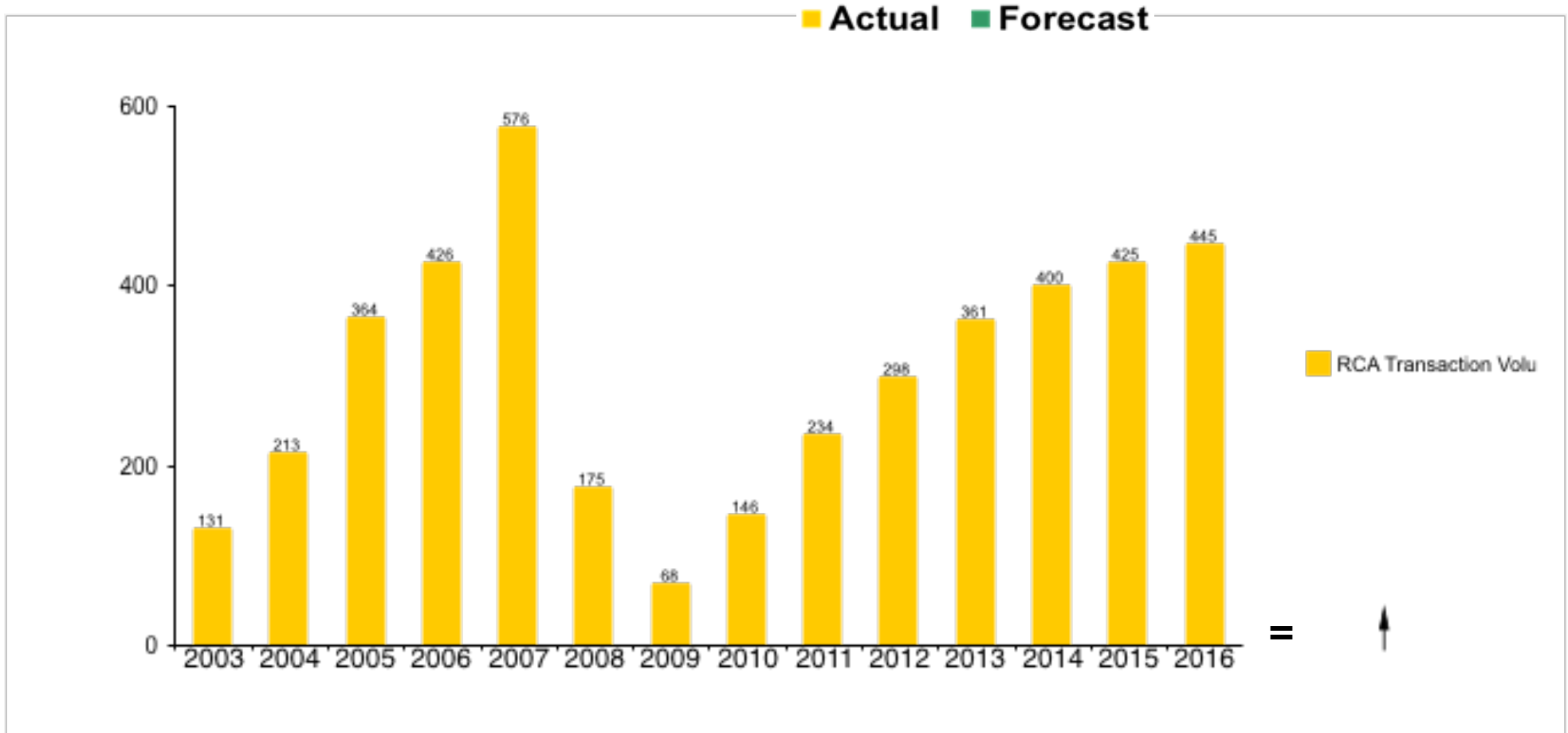
# ULI/EY Real Estate Consensus Forecast

- Three-year forecast ('14-'16) for 26 economic and real estate indicators
- A consensus forecast based on the median of the forecasts from 43 economists/analysts at 32 leading real estate organizations
- Respondents represent major real estate investment, advisory, and research firms and organizations
- Survey undertaken from September 8 through 26, 2014
- A semiannual survey; next release planned for April 2015

## Macroeconomic environment

	<b>2009</b>	<b>2013</b>	<b>2016 (Forecast)</b>	<b>20-year average</b>
<b>Real GDP growth</b>	(2.8%)	2.2%	3.0%	2.6%
<b>Unemployment rate</b>	9.9%	6.7%	6.0%	6.0%
<b>CPI inflation rate</b>	2.7%	1.5%	2.0%	2.4%
<b>Ten-year treasury rate</b>	3.9%	3.0%	4.0%	4.4%
<b>NCREIF cap rate</b>	6.9%	5.7%	6.0%	7.3%
<b>CRE transaction volume</b>	\$68B	\$361B	\$445B	\$245B
<b>CMBS issuance</b>	\$3B	\$86B	\$123B	\$65B

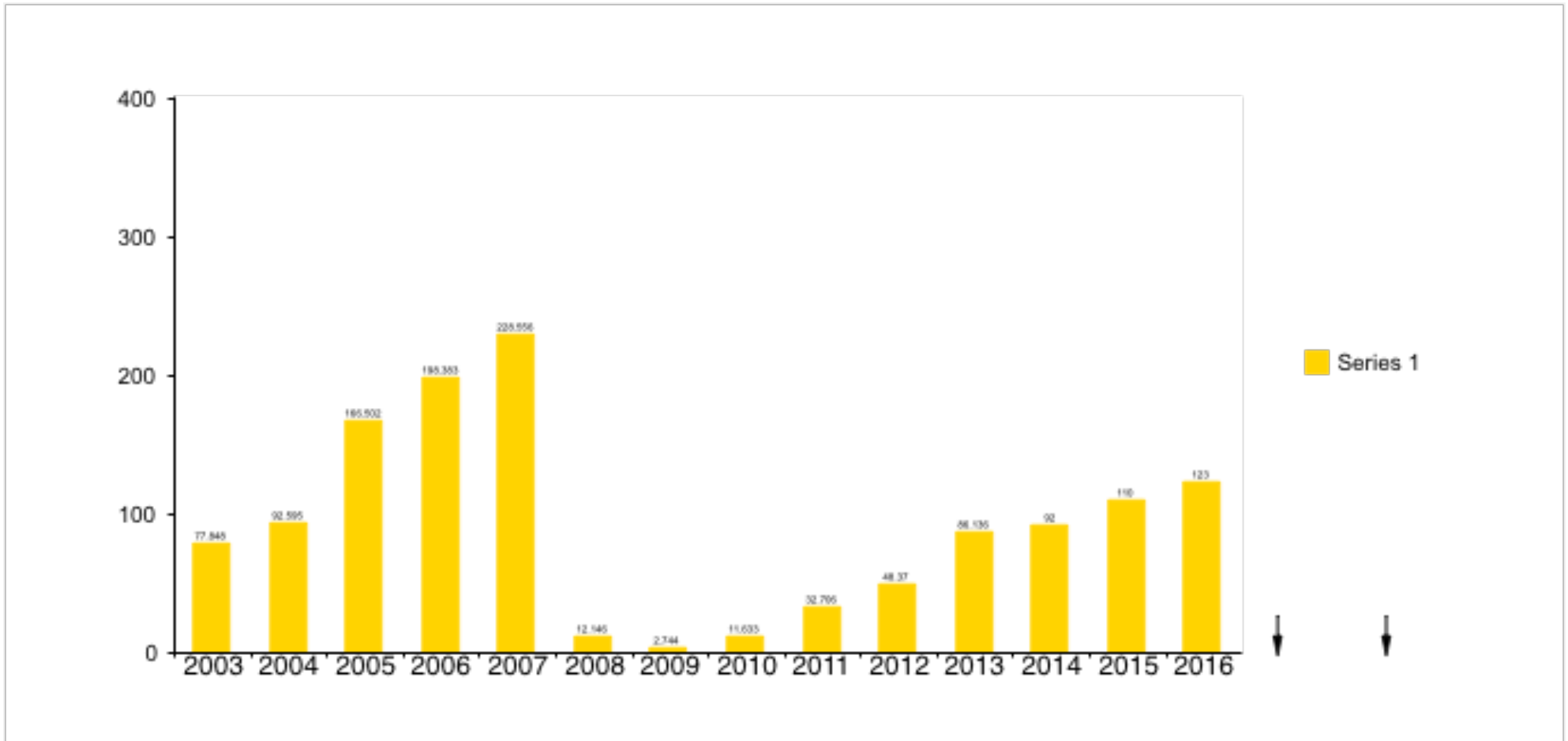
# Commercial Real Estate Transaction Volume



Sources: 2001-2013, Real Capital Analytics; 2014-2016, ULI/EY Consensus Forecast.

Note: The previous ULI/EY Consensus Forecast (released in April, 2014) projected \$400, \$420 and \$430, respectively, for 2014-2016.

# Commercial Mortgage-Backed Securities (CMBS) Issuance



Sources: 1993-2013, Commercial Mortgage Alert; 2014-2016, ULI/EY Consensus Forecast.

Note: The previous ULI/EY Consensus Forecast (released in April, 2014) projected \$100, \$120, \$140, respectively, for 2014-2016.

## Annual returns

	2009	2013	2016 (Forecast)	20-year average
<b>NCREIF total return</b>	(16.9%)	11.0%	8.5%	9.3%
<b>Office</b>	(19.1%)	9.9%	9.0%	9.0%
<b>Industrial</b>	(17.9%)	12.3%	9.0%	9.6%
<b>Apartments</b>	(17.5%)	10.4%	8.0%	10.2%
<b>Retail</b>	(11.0%)	12.9%	9.0%	9.6%



## Other key market attributes

	<b>2009</b>	<b>2013</b>	<b>2016 (Forecast)</b>	<b>20-year average</b>
<b>Hotel RevPAR change</b>	(16.7%)	5.4%	4.0%	3.2%
<b>Single-family housing starts</b>	455,100	617,600	912,500	1,073,250
<b>Ave. home price change</b>	(2.0%)	7.7%	4.0%	3.5%

# Our panelists today

## **Moderator**

Howard Roth

Global Real Estate, Hospitality and Construction Leader, EY

## **Panelists**

Paul Mouchakkaa

Global Head of Research and Strategy, Morgan Stanley Real Estate Investing

Maria Sicola

Executive Managing Director-Research, Cushman & Wakefield

David J Lynn, Ph.D.

CEO and Co-Founder, Everest High Income Property

Tim Wang

Director & Head of Investment Research, Clarion Partners



## Firms That Participated in the ULI/EY Real Estate Consensus Forecast

Organization	Lead Economist/Analyst	Title
Alvarez & Marsal	Steven Laposa	Principal
American Realty Capital Properties	Kevin White	SVP, Investment Strategy & Research
Bentall Kennedy	Douglas Poutasse	EVP, Head of Strategy and Research
Cassidy Turley	Kevin Thorpe	Chief Economist
	Rebecca Rockey	Economist
CBRE Econometric Advisors	Jon Southard	Managing Director
CBRE	Mark Gallagher	Senior Strategist
Chandan Economics	Sam Chandan PhD	President
Clarion Partners	Tim Wang	Director and Head of Investment Research
Cornerstone Real Estate Advisers	Michael Gately	Managing Director, Research
	Jim Clayton	Vice President, Research
CoStar Portfolio Strategy	Hans Nordby	Managing Director
	Walter Page	Director of U.S. Research, Office
	Shaw Lupton	Senior Real Estate Economist
Cushman & Wakefield	Maria Sicola	Head of Americas Research
	Rob Miller	Research Director, Capital Markets and Forecasting
Dividend Capital	Glenn Mueller	RE Investment Strategist
Freddie Mac	Frank Nothaft	Vice President & Chief Economist
Grosvenor	Eileen E Marrinan	Director of Research
	Robert Hess	Director of Research -- Philadelphia office
Invesco Real Estate	Nicholas Buss	Director, Research

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Organization	Lead Economist/Analyst	Title
JLL	Josh Gelormini	Vice President, Americas Research
	Benjamin Breslau	Director, Americas Research
LaSalle Investment Management	William Maher	Director, North America Research & Strategy
Linneman Associates	Peter Linneman	Principal
MetLife Real Estate Investors	Richard McLemore	Director, Research & Valuations
Moody's	Tad Philipp	Director - CRE Research
Morgan Stanley Real Estate Investing	Paul Mouchakkaa	Managing Director
	Stephen Siena	Associate
NAREIT	Calvin Schnure	Vice President, Research and Industry Information
National Association of Realtors	Lawrence Yun	Chief Economist
Prudential Real Estate Investors	Lee Meniffee	Managing Director
RCLCO	Paige Mueller	Managing Director
Real Estate Resaearch Corporation (RERC)	Ken Riggs	President
	Aaron Riggs	Research Analyst
Regions Financial Corporation	Richard Moody	SVP, Chief Economist
Reis Inc.	Dr. Victor Calanog	Vice President of Research & Economics
Rosen Consulting Group	Kenneth T. Rosen	Chairman
	Randall Sakamoto	Executive Vice President
Stratford Land	Mark Drumm	Chief Risk Officer
TIAA-CREF	Martha Peyton	Managing Director
Trepp, LLC	Matthew Anderson	Managing Director
	Susan Persin	Senior Director of Research

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# Urban Land Institute and EY

The *ULI/EY Real Estate Consensus Forecast* is a joint undertaking of the Urban Land Institute and Ernst & Young.

## About the Urban Land Institute

The Urban Land Institute is a nonprofit education and research institute supported by its members. Its mission is to provide leadership in the responsible use of land and in sustaining and creating thriving communities worldwide. Established in 1936, the Institute has nearly 30,000 members representing all aspects of land use and development disciplines. For more information, please visit [www.uli.org](http://www.uli.org).

Patrick Phillips, Chief Executive Officer  
Urban Land Institute

## About EY

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Howard Roth, Global Real Estate Leader  
EY

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