

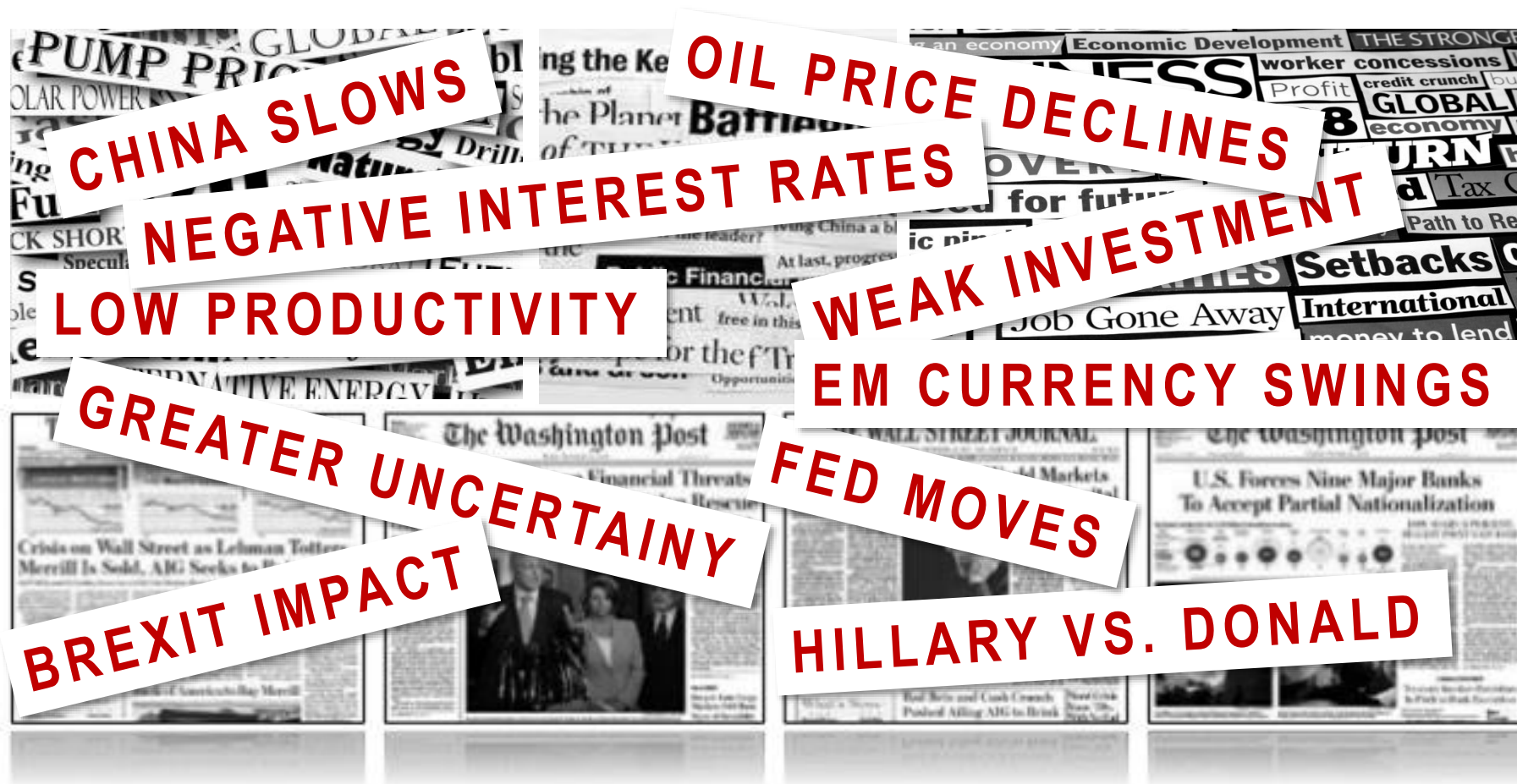


Macro outlook and indicators

Markets “climbing a wall of worry”

Presentation by Ben Breslau,
Director of Research, JLL
ULI Fall Conference, Dallas
October 27, 2016

The headlines have been unsettling



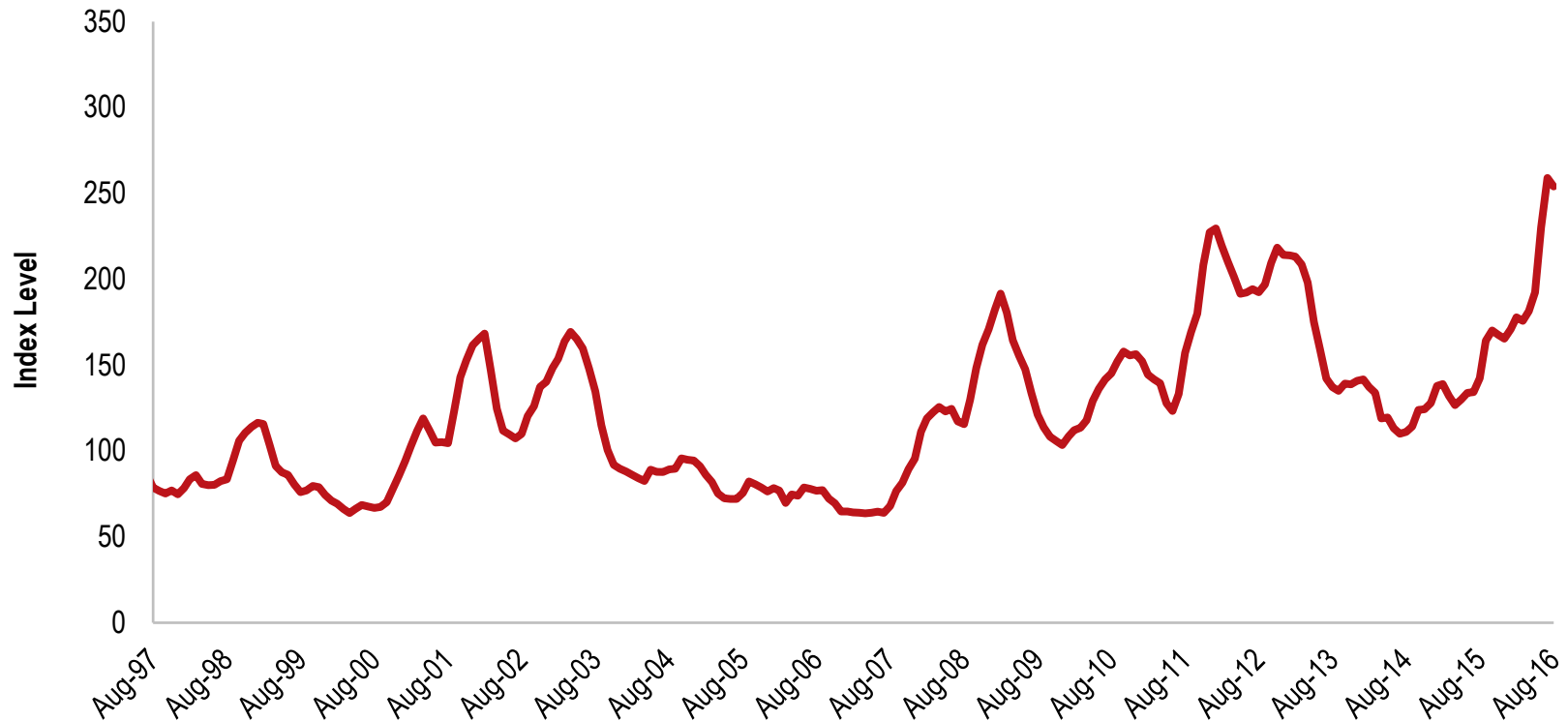
Source: JLL Research

Economic policy uncertainty at all-time high

Record uncertainty due to Brexit, China, and the Fed, and upcoming U.S. elections

Global Policy Uncertainty Index

GDP Weighted Composite of US, UK, Europe, and China (Trailing Six Month Average)

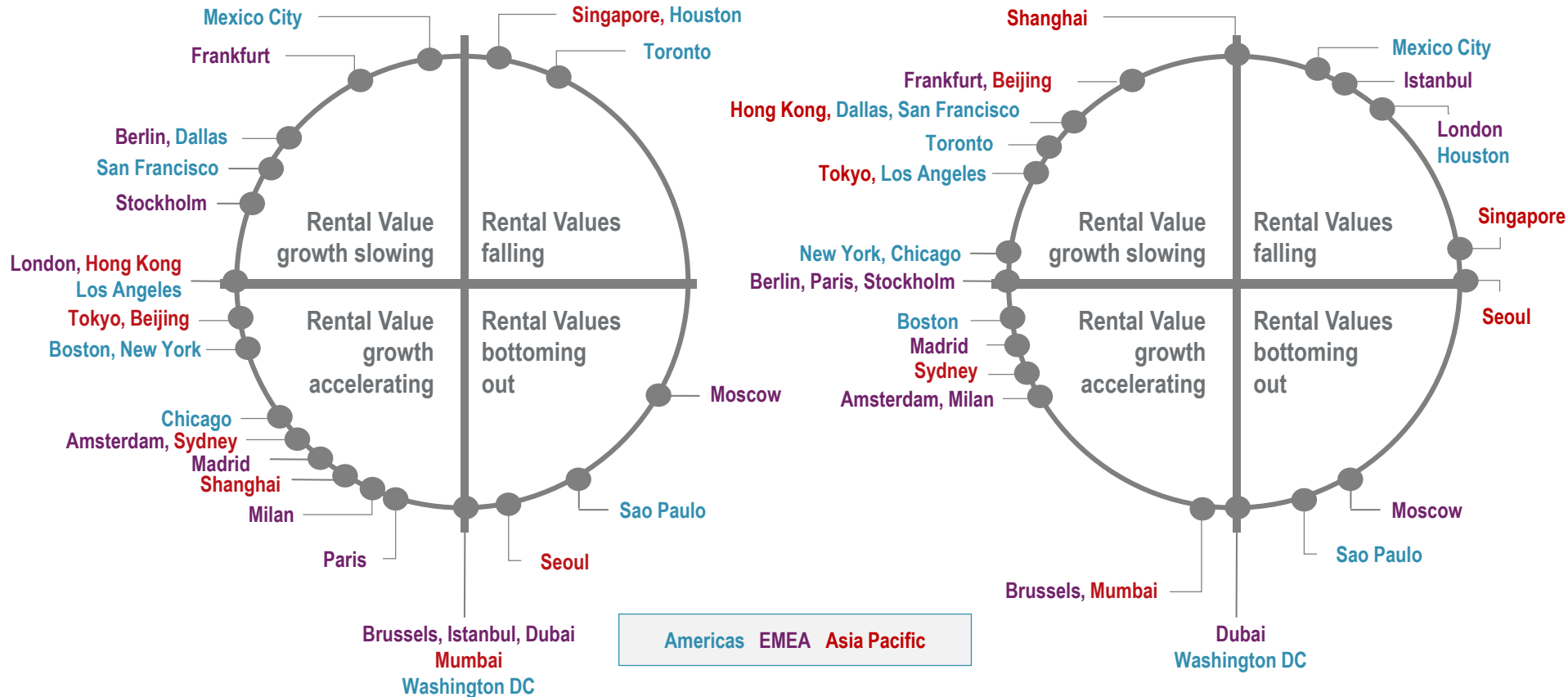


Source: LaSalle, "Measuring Economic Policy Uncertainty" by Scott Baker, Nicholas Bloom and Steven J. Davis at www.PolicyUncertainty.com. Data to July 2016.

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

Q3 2015

Q3 2016



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

U.S. economic expansion in perspective...room to run?

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



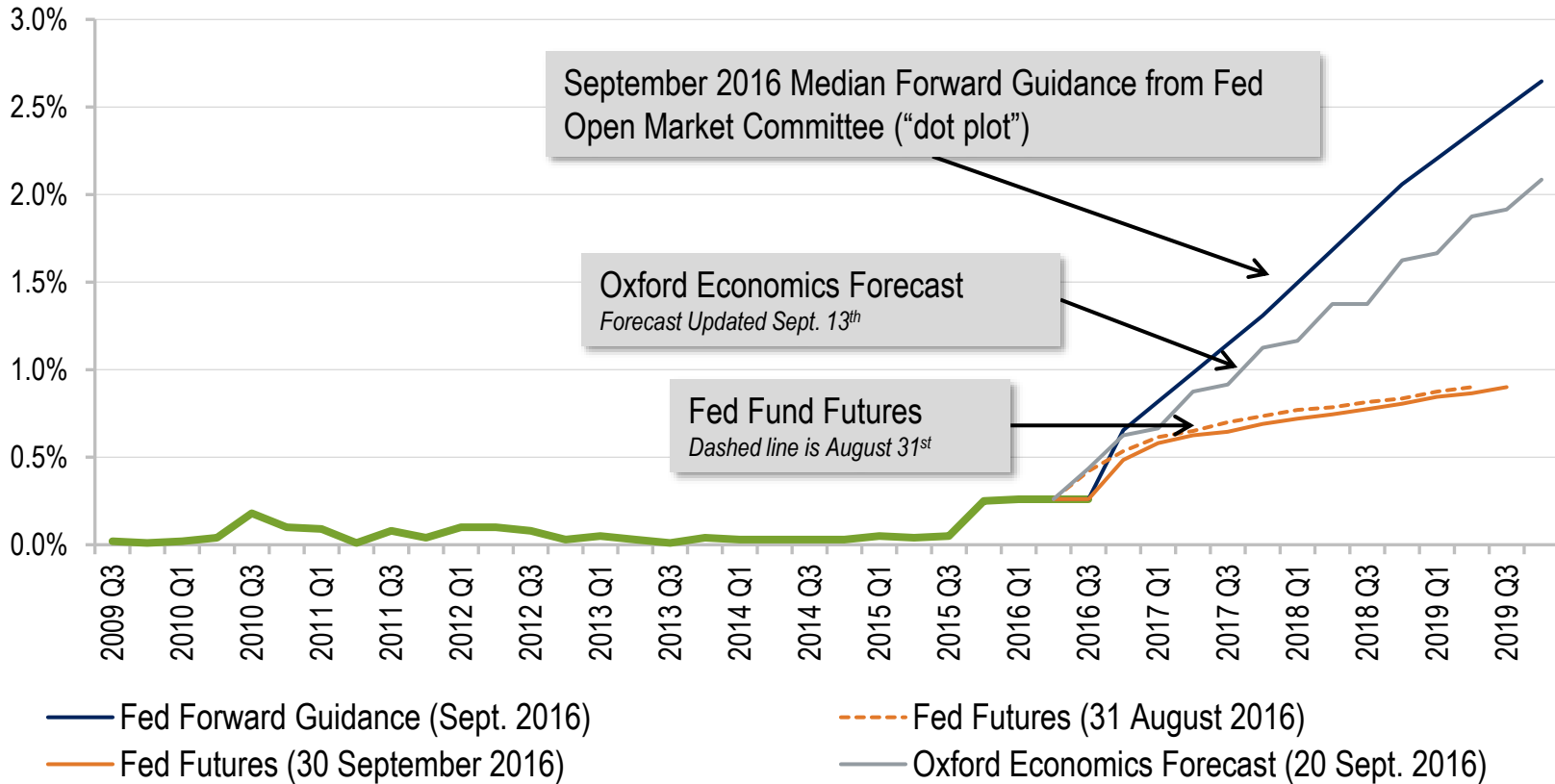
Source: Bureau of Economic Analysis; JLL Research

Election impact - “pray for gridlock”



Fed now expected to hike in December, but path certainly likely to remain dovish

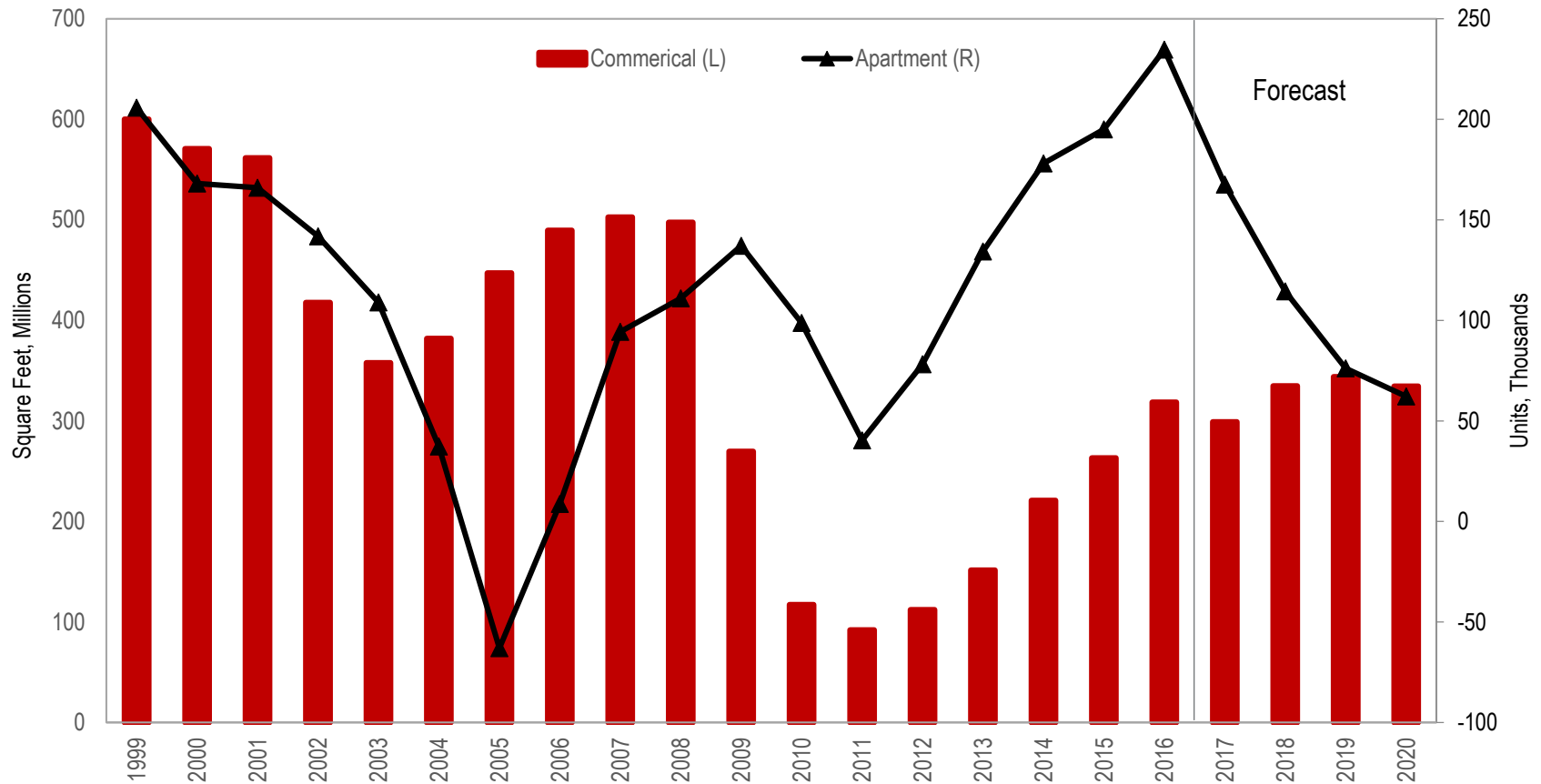
Fed Funds Rate



Source: Bloomberg, Federal Reserve Updated 30 September 2016.

U.S. inventory growth is muted outside of apartments

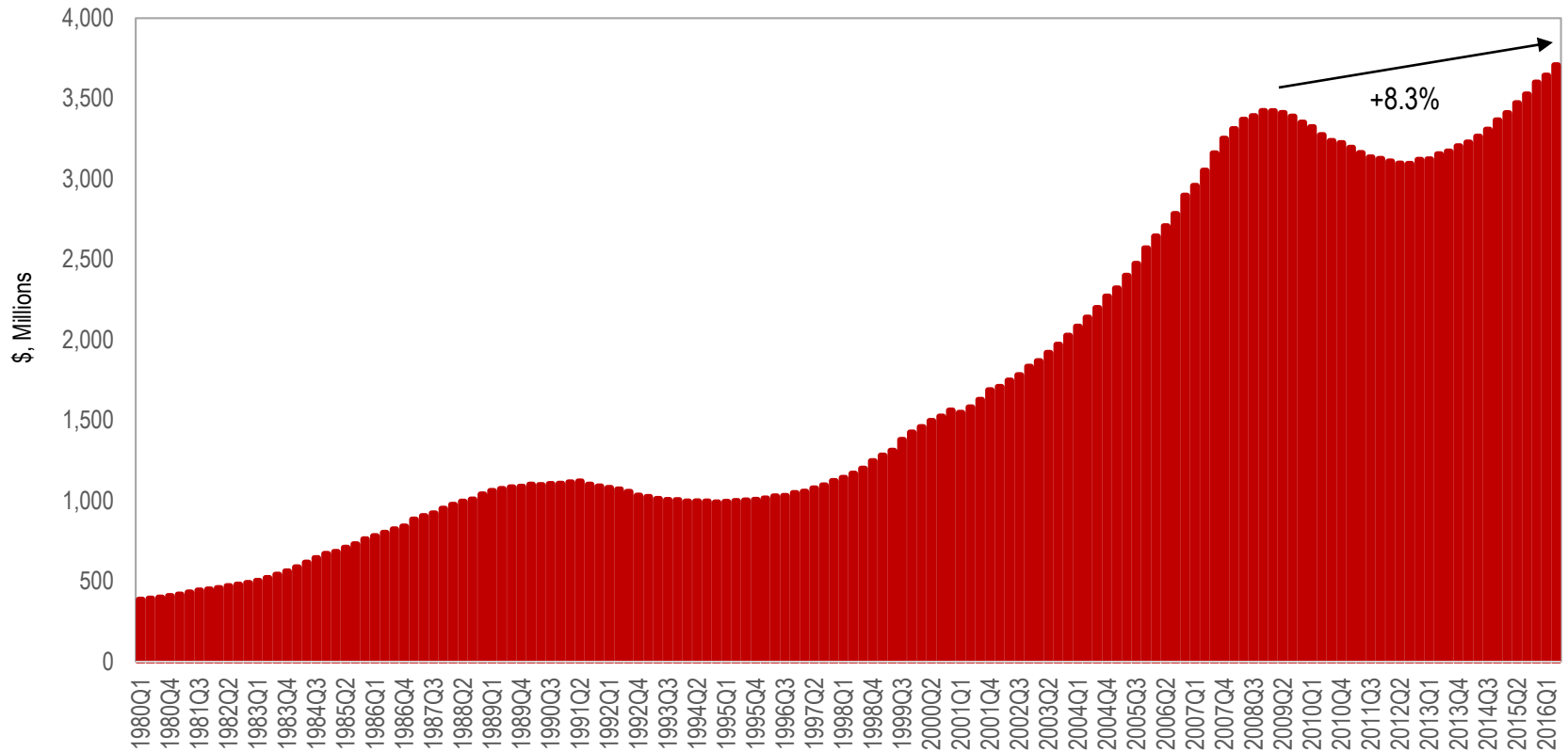
Year-over-year change



Sources: Reis; CoStar; JLL Research

And the usage of debt has been relatively restrained

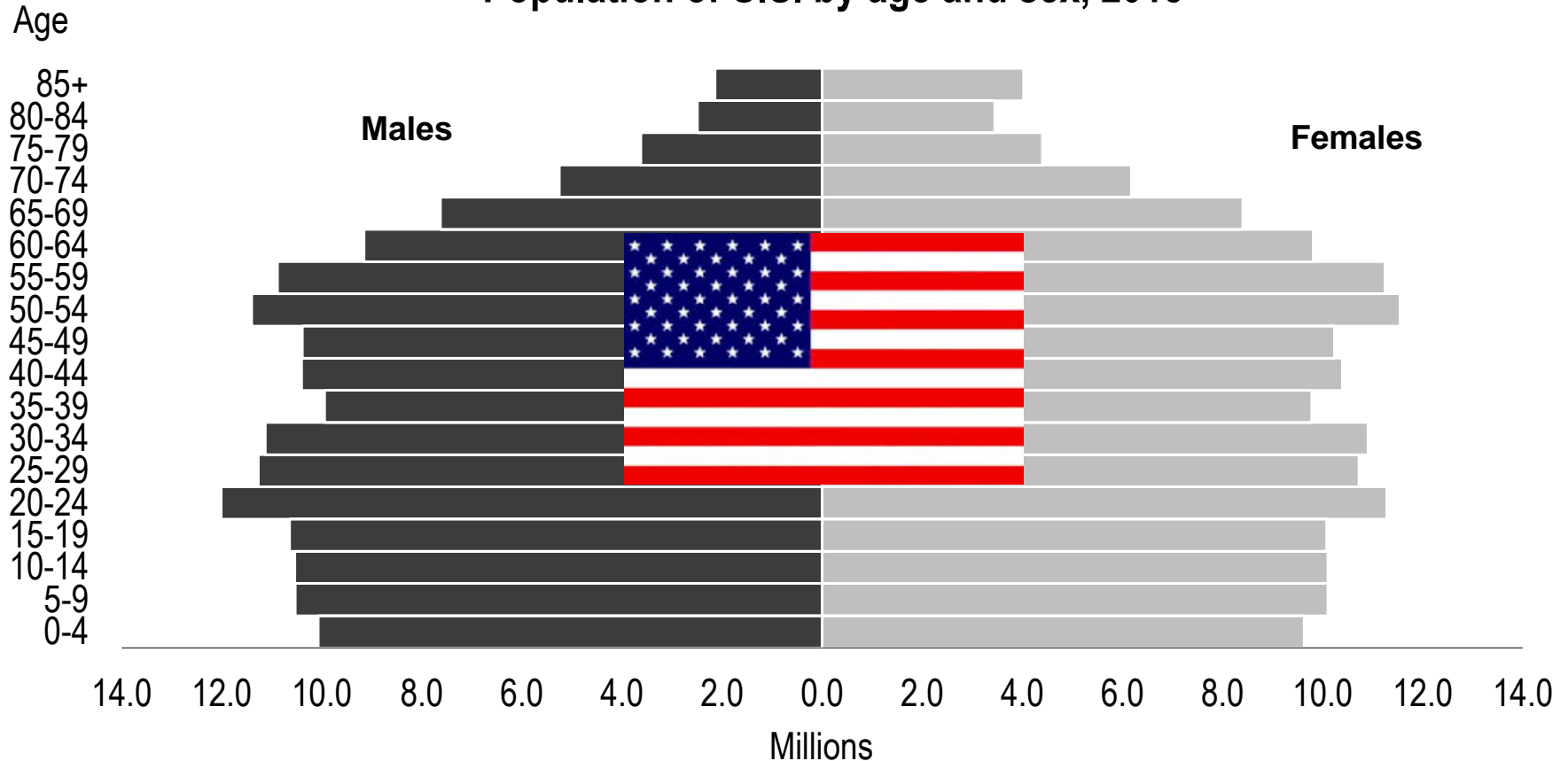
Total commercial and multifamily mortgages outstanding



Sources: Federal Reserve; JLL Research

In addition to the economic and real estate cycles, the demographic cycle will be critical for growth

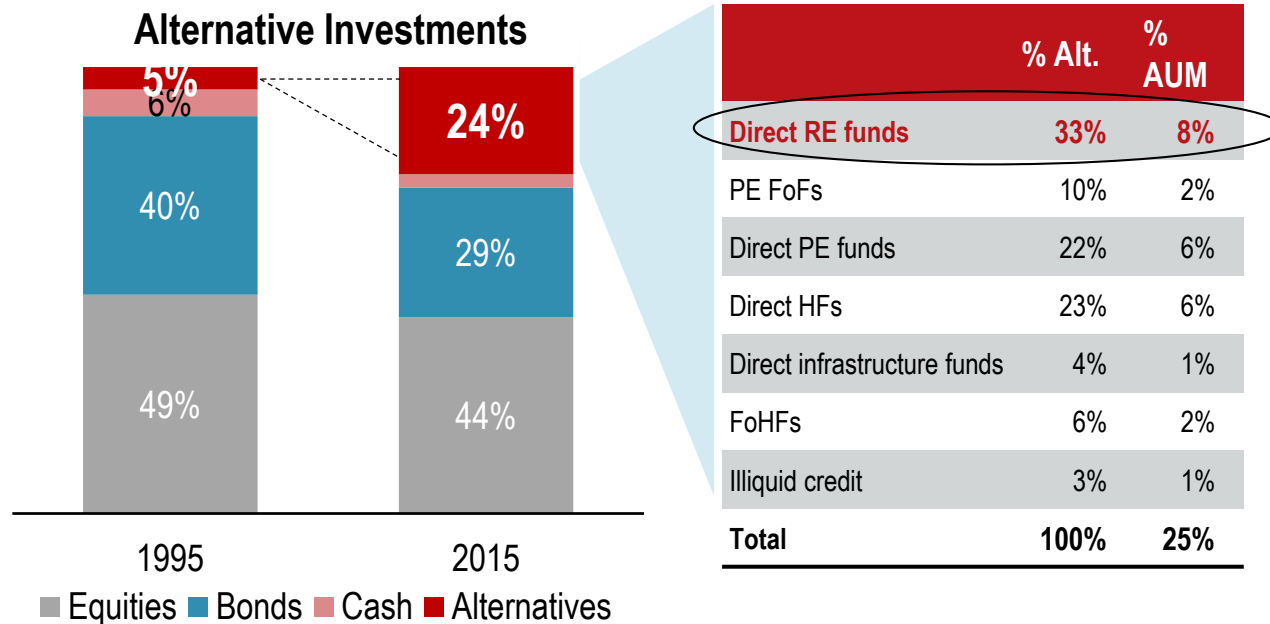
Population of U.S. by age and sex, 2015



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



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