

2014

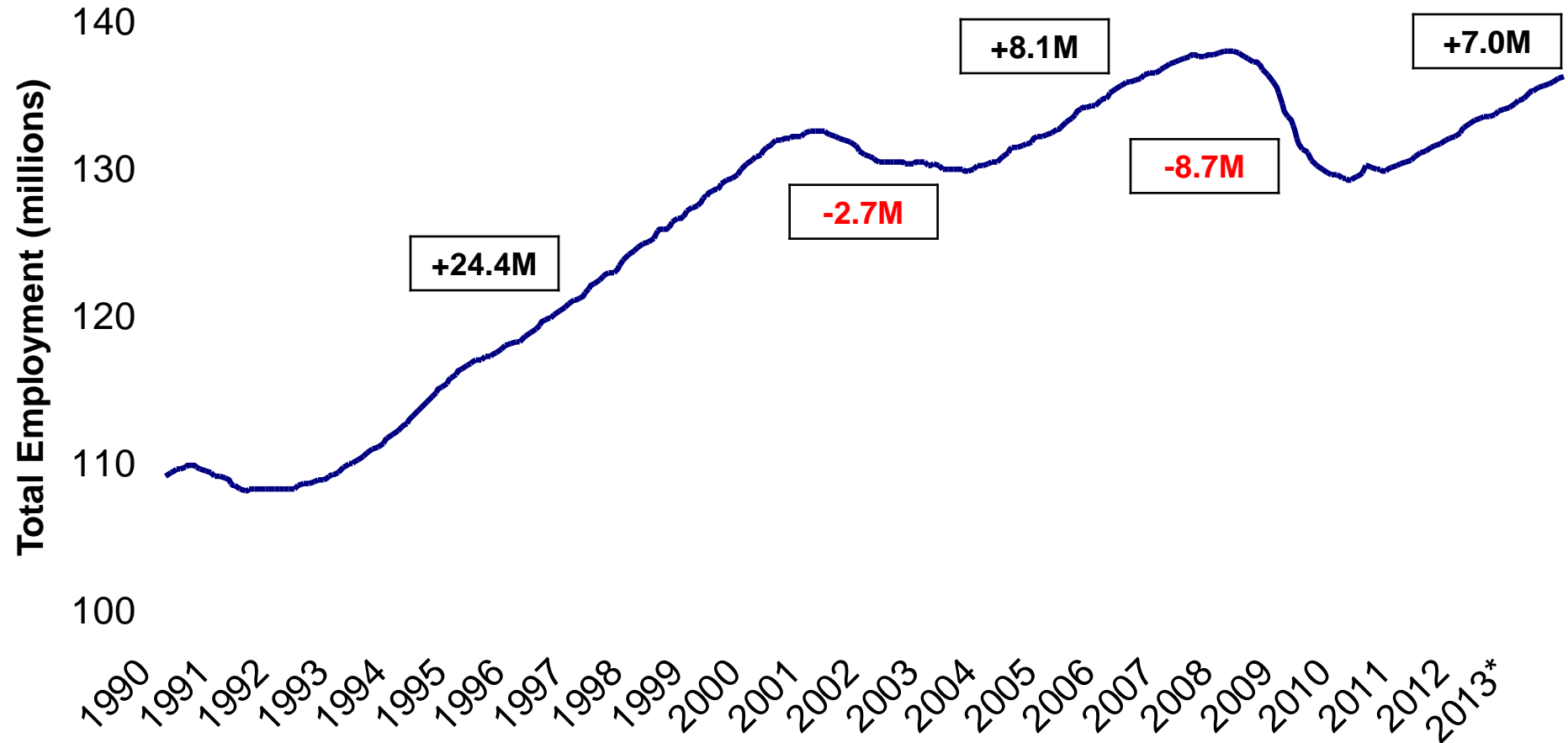
U.S. Economic and Real Estate Outlook

Urban Land Institute - 2013 Fall Meeting

Marcus & Millichap
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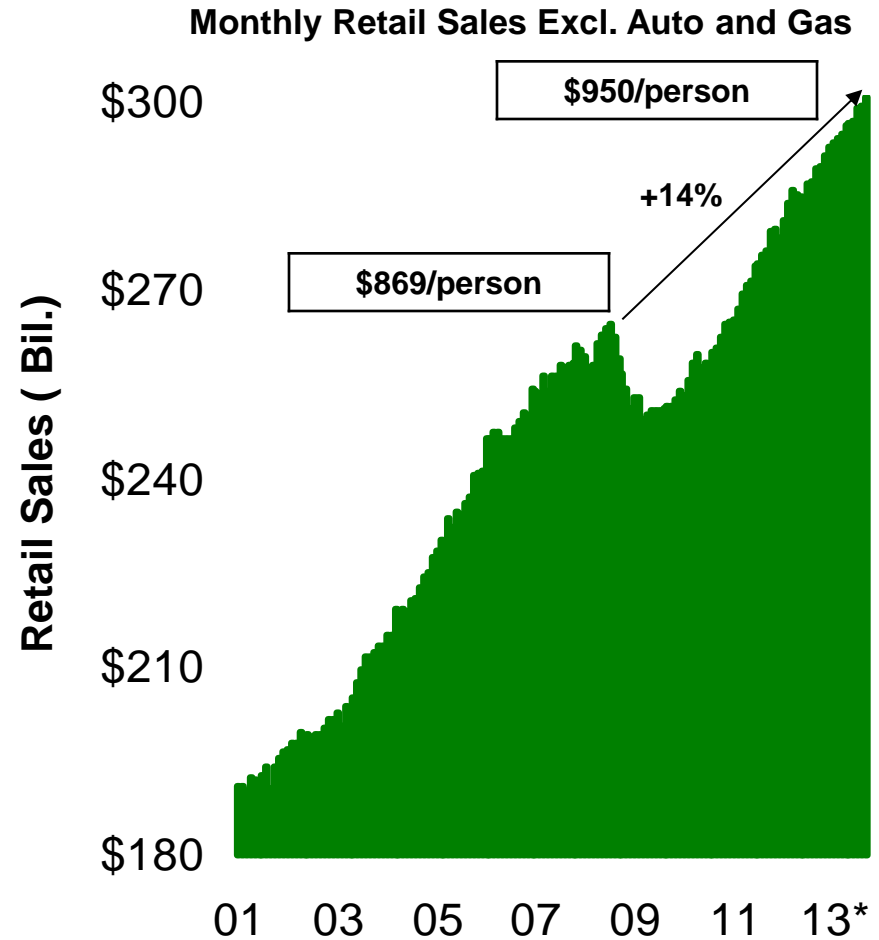
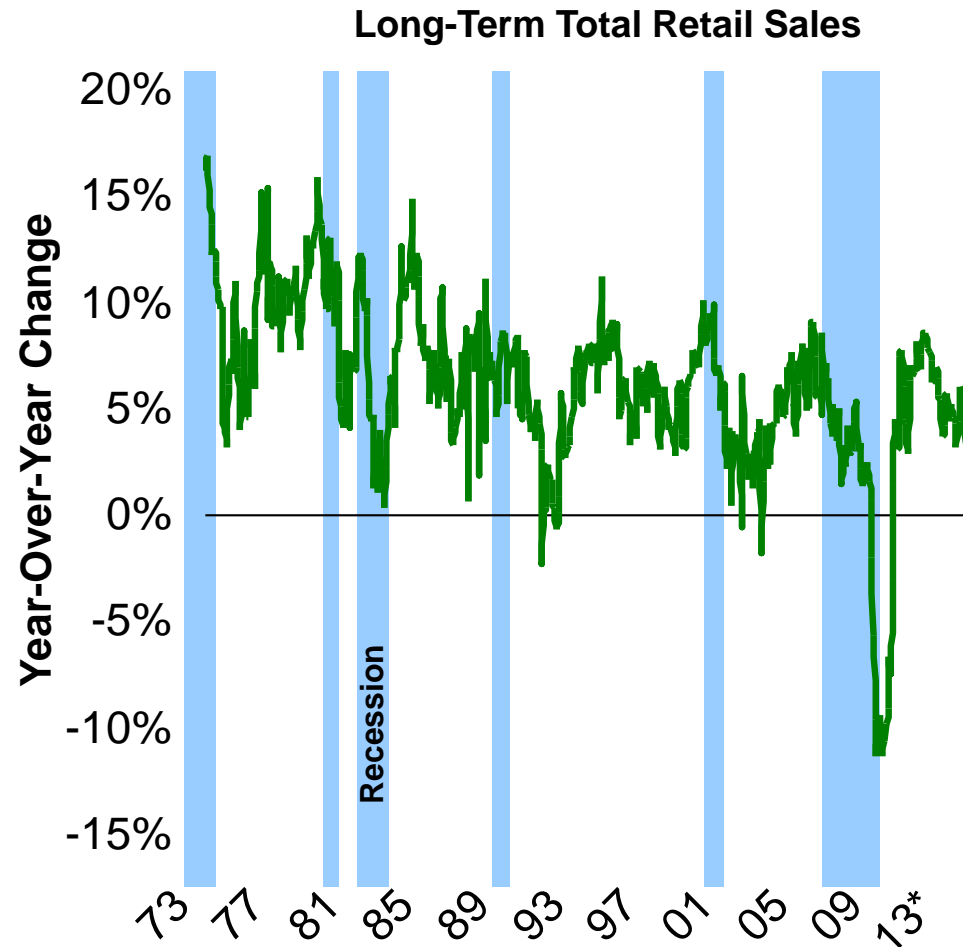
U.S. Employment in Gradual Recovery



* Through September

Sources: Marcus & Millichap Research Services, BLS

U.S. Retail Sales Have Recovered From Dramatic Drop – Headwinds to Further Growth



* Through September

Sources: Marcus & Millichap Research Services, U.S. Census Bureau

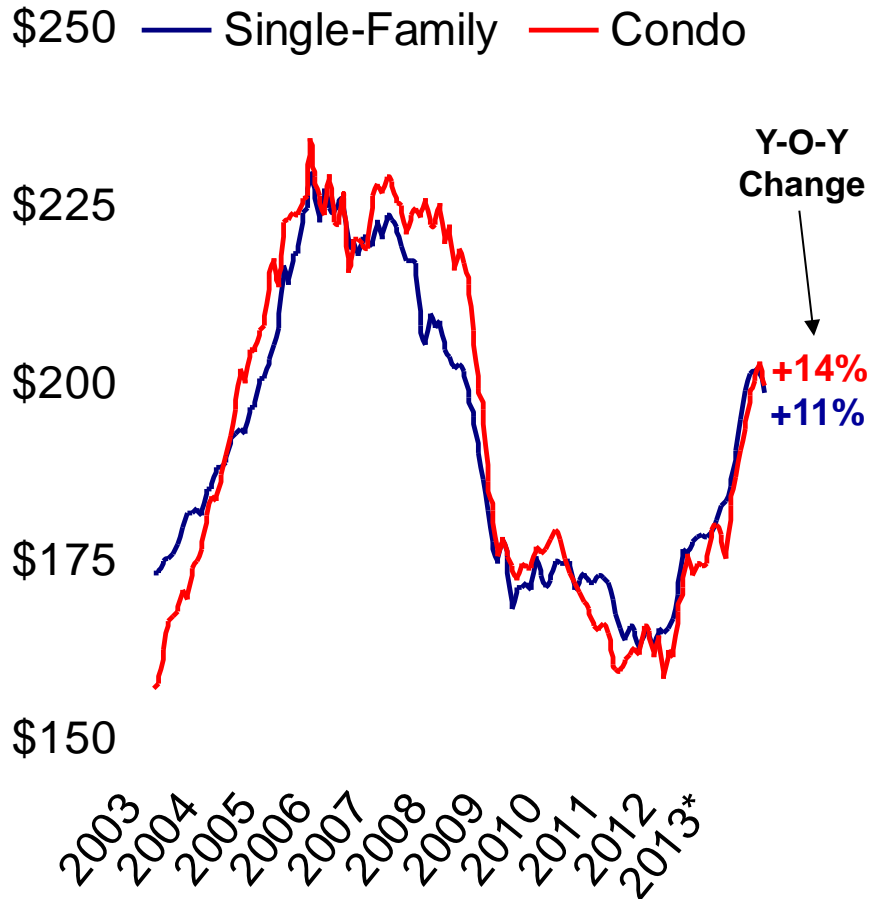
U.S. Employment Gains Have Been Broad

Y-O-Y Sector Change Through September 2013

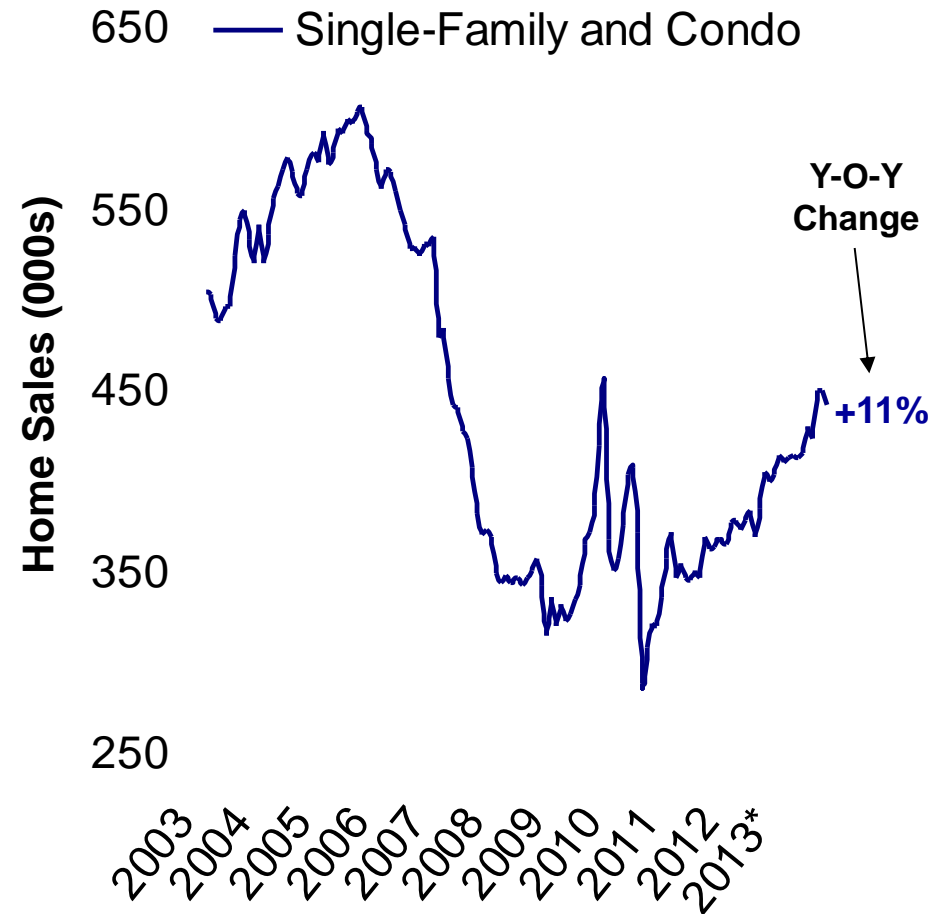
U.S. Employment Sectors	Absolute Change	% Change
Prof. & Business Services	641,000	3.6%
Trade, Transport & Utilities	525,000	2.1%
Leisure & Hospitality	359,000	2.6%
Education and Health Services	348,000	1.7%
Construction	193,000	3.4%
Financial Activities	94,000	1.2%
Other Services	42,000	0.8%
Manufacturing	38,000	0.3%
Natural Resources & Mining	33,000	3.9%
Information	17,000	0.6%
Total Gain	2,290,000	
Government	-65,000	-0.3%
Total Loss	-65,000	
Net Change	2,225,000	

Single-Family Housing and Condo Market Improving with Still-Positive Outlook

Median Home Prices



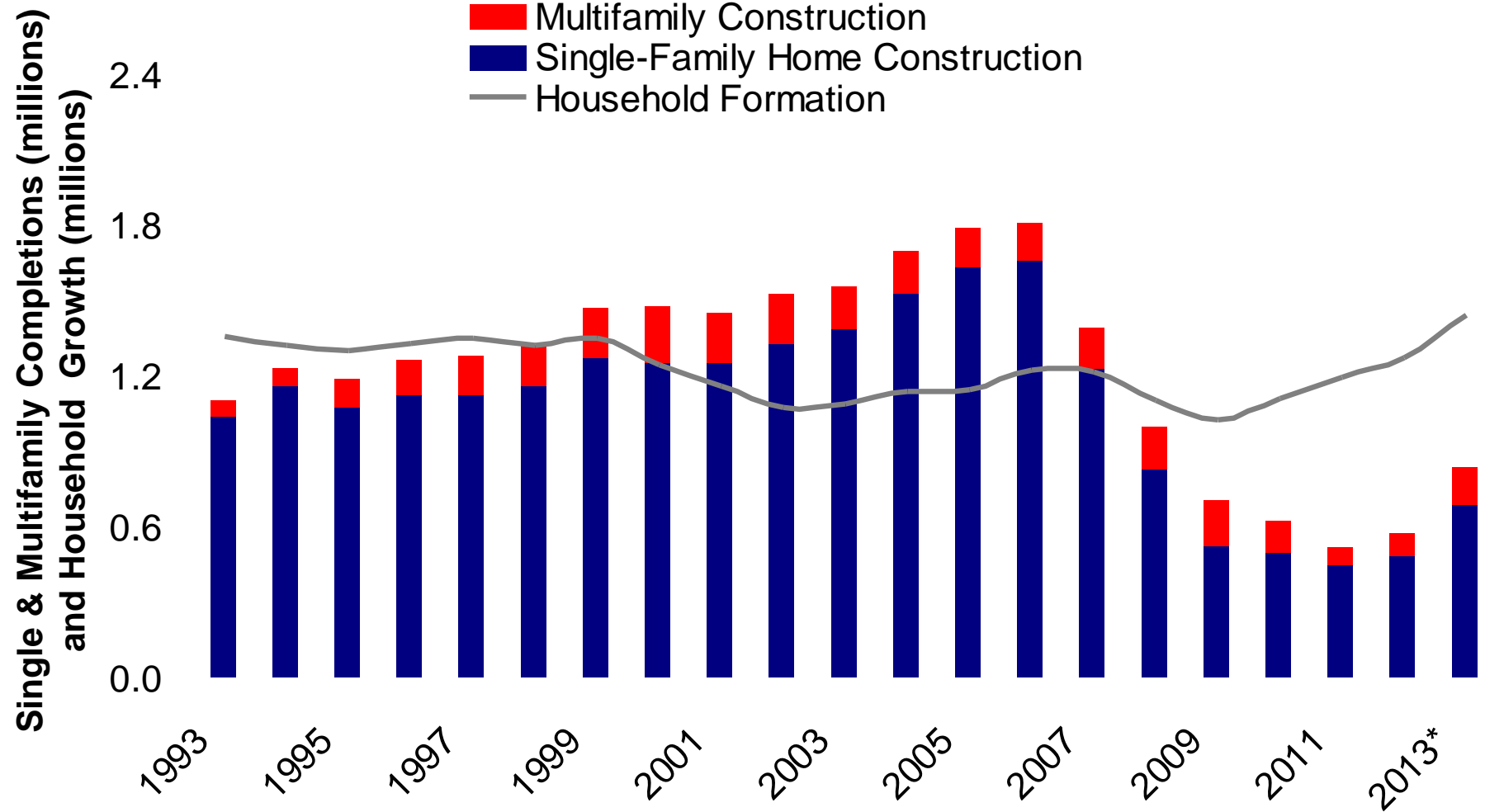
Existing Home Sales



* Through September

Sources: Marcus & Millichap Research Services, National Association of Realtors

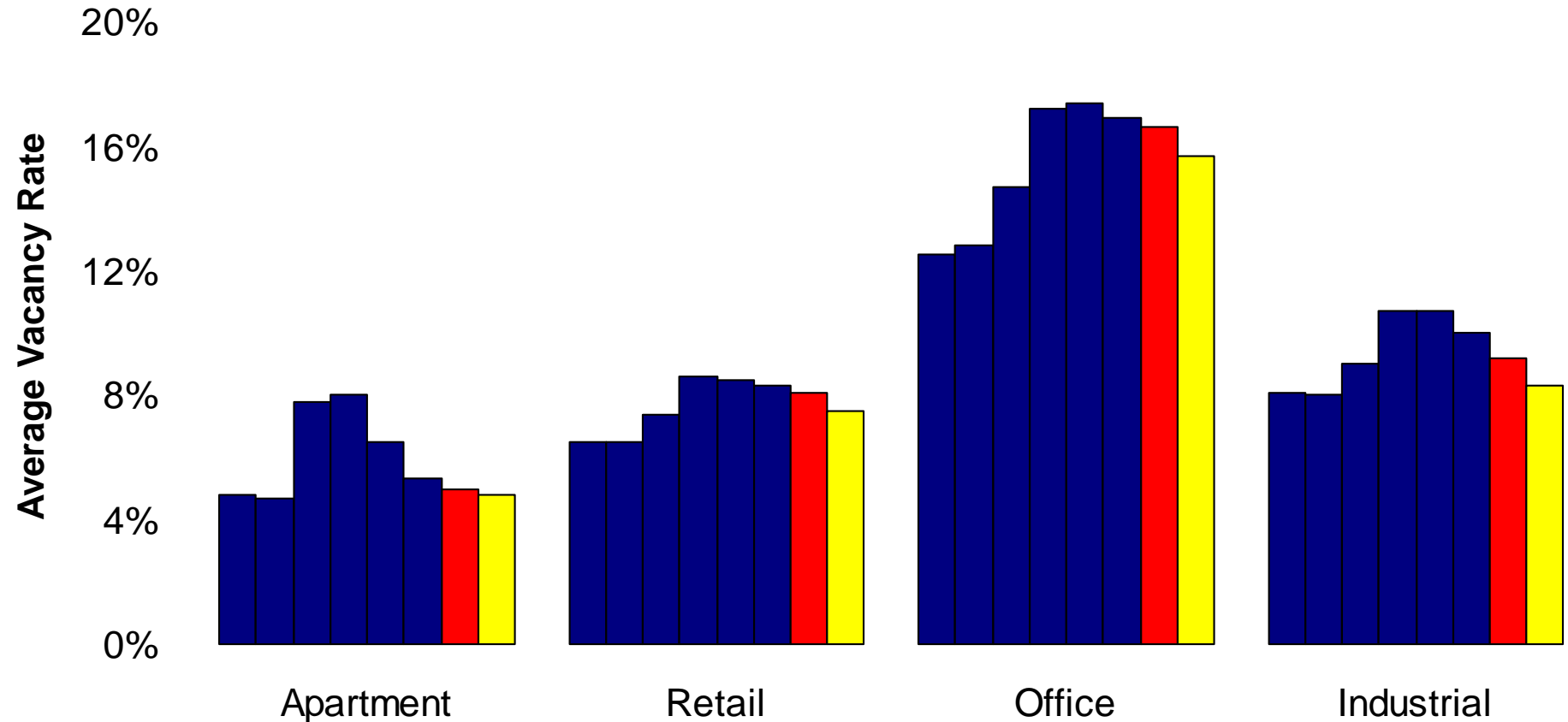
Single-Family and Multifamily Construction vs. Household Growth



* Forecast
Sources: Marcus & Millichap Research Services, U.S. Census Bureau

U.S. Commercial Property Vacancy Trends

■ 2006-2011 ■ 2012 ■ 2013*

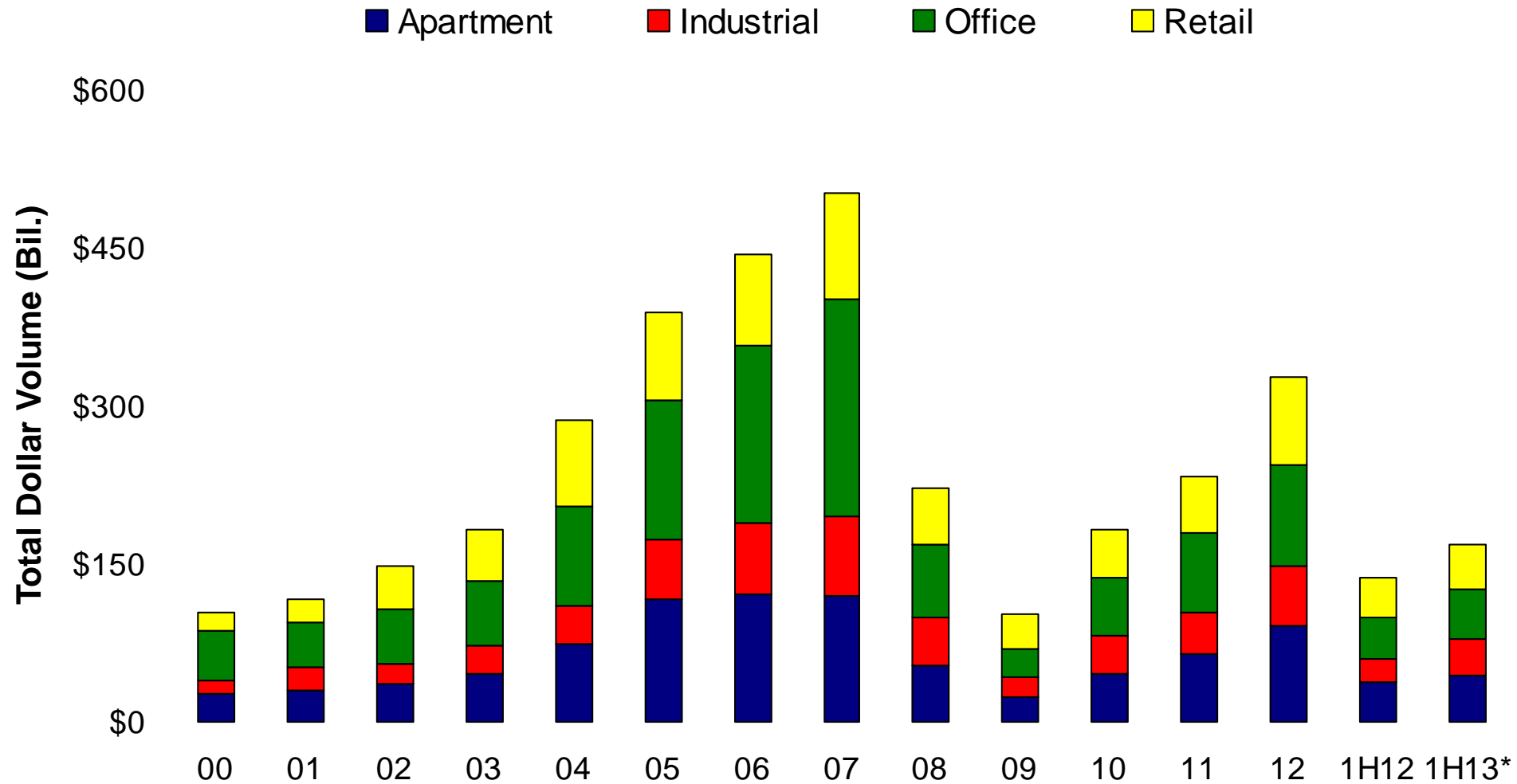


* Forecast

Source: Marcus & Millichap Research Services, MPF Research, CoStar Group, Inc., SSDS a Cushman & Wakefield Service

U.S. Commercial Real Estate Investment Trends

Sales Volume by Property Type

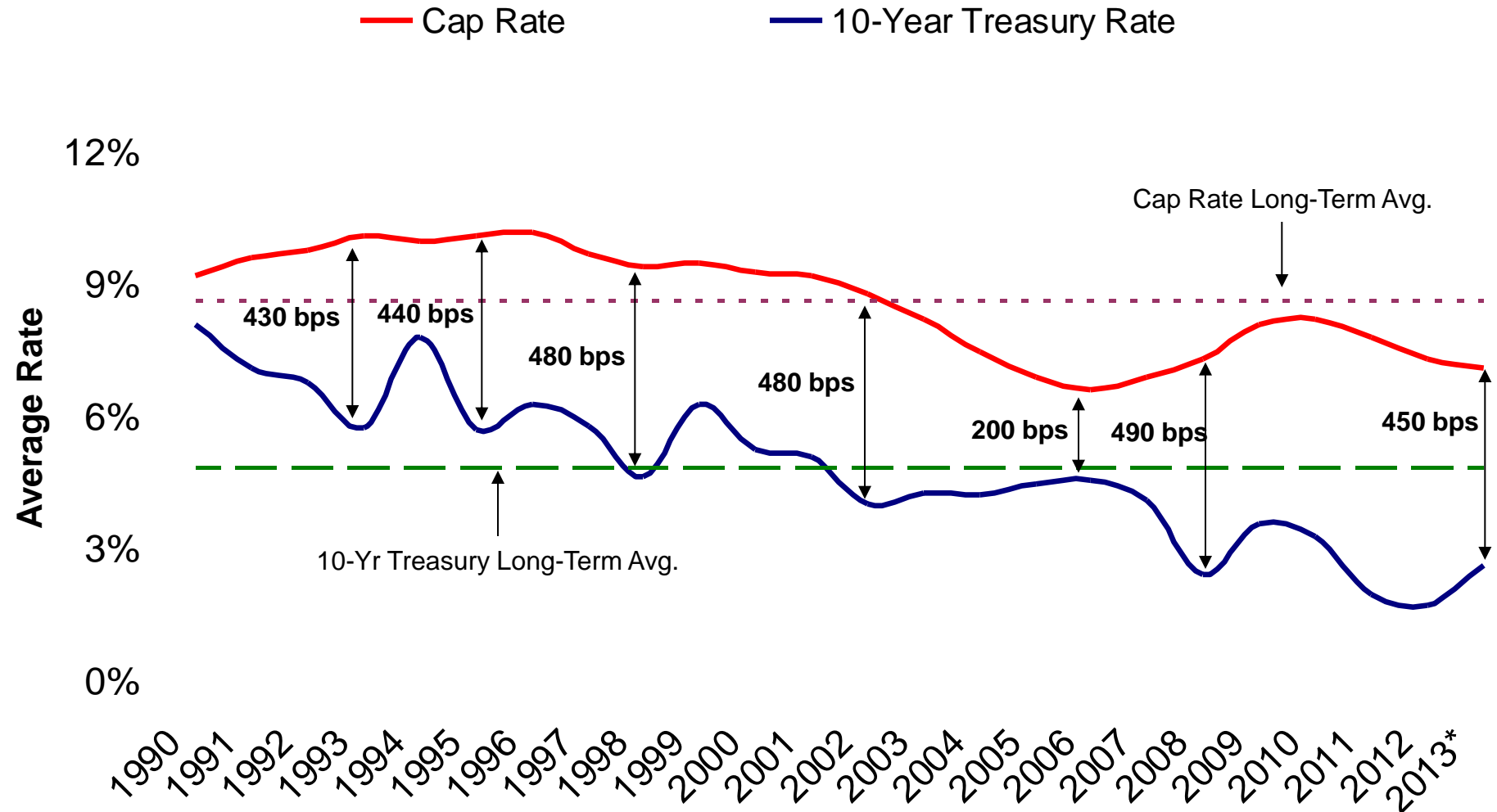


* 2Q preliminary estimate

Includes sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Commercial Real Estate Avg. Cap Rate vs. 10-Year Treasury Yield

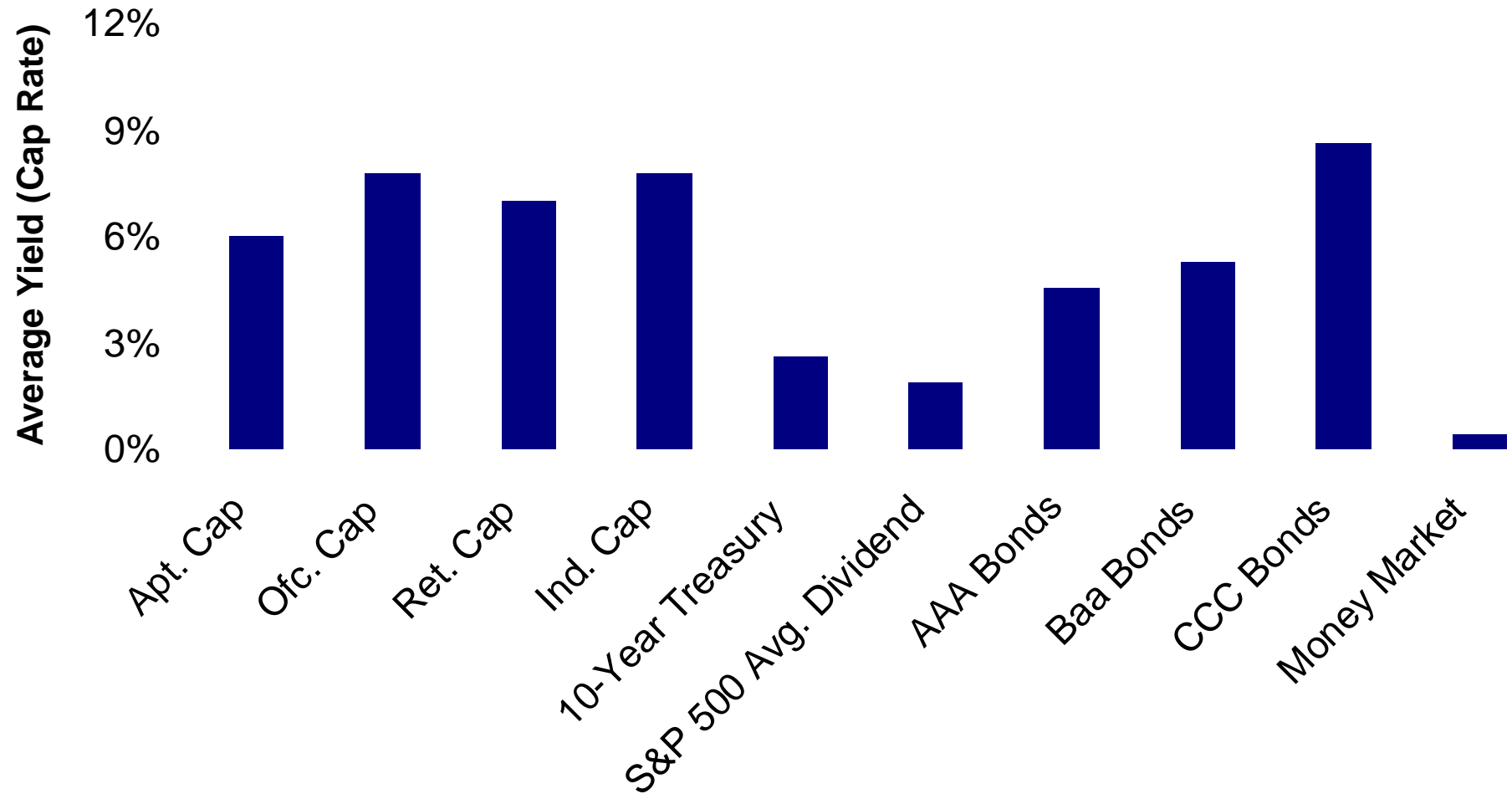


* Through November 1

Includes all apartment, office, retail and industrial sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Commercial Real Estate a Compelling Investment Alternative Due to Competitive Yields

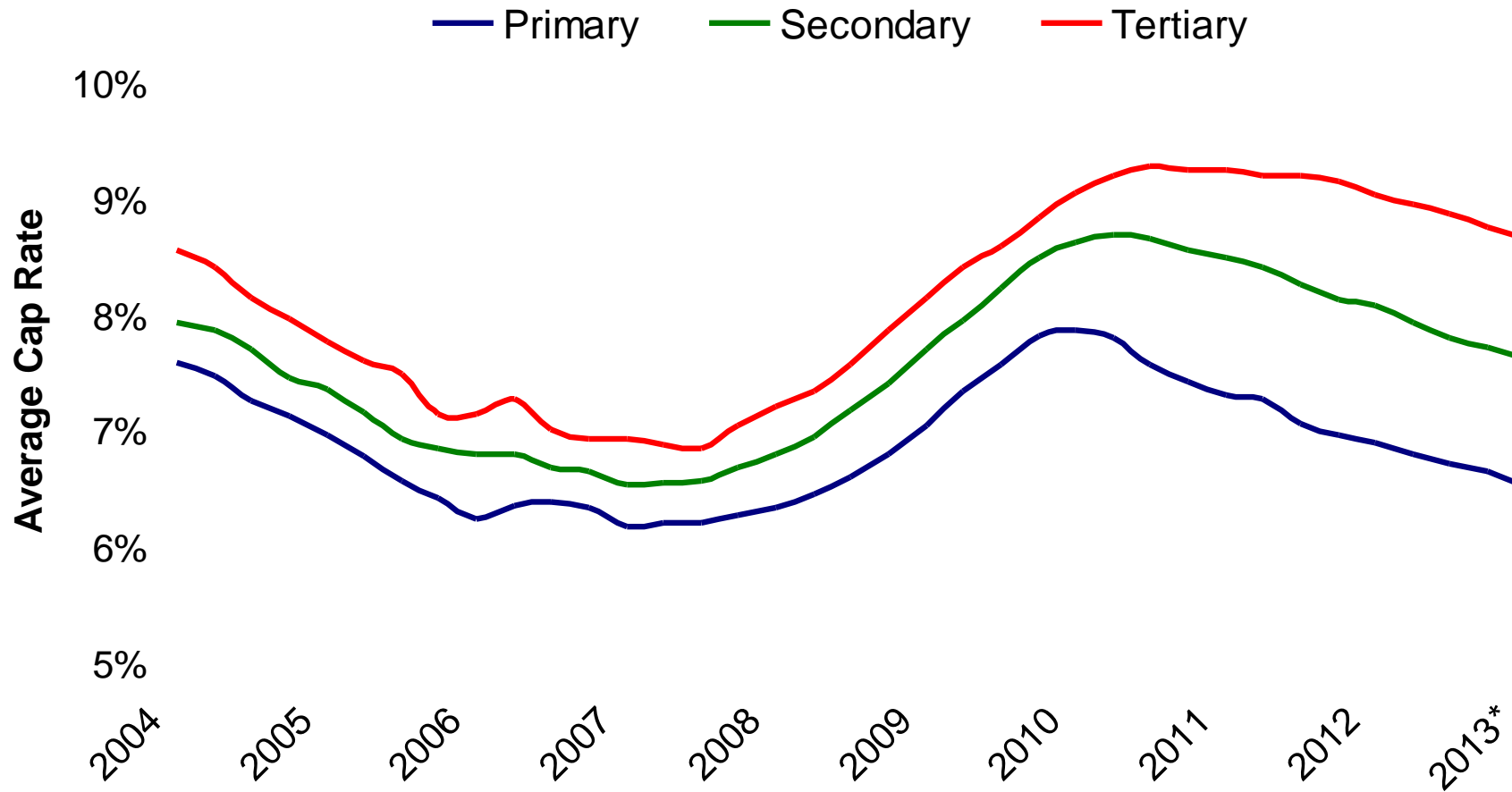


As of November 1, 2013

Cap rates for sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Federal Reserve, Standard & Poor's

Commercial Real Estate Composite Cap Rate Trends by Market Type



* Preliminary estimate through 3Q

Includes apartment, retail, office, and industrial sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

U.S. Demographics - Major Factor Behind Favorable Long-Term Economic and Real Estate Outlook

80 Million Baby Boomers



Bill Gates
Founder, Microsoft



Steve Jobs
Founder, Apple

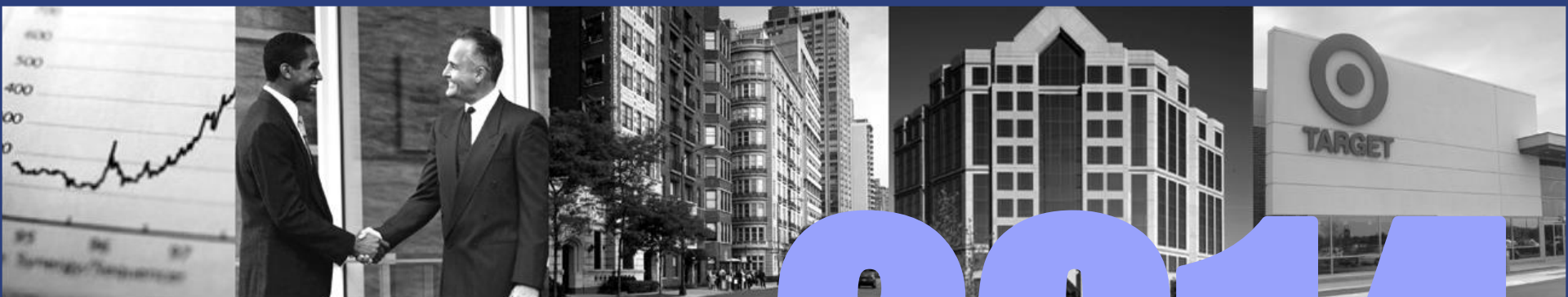


Michael Dell
Founder, Dell

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80 Million Echo Boomers





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