

**CBRE**

# 3<sup>RD</sup> QUARTER RALLY FIRING ON MOST CYLINDERS

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**NOVEMBER 7, 2016**

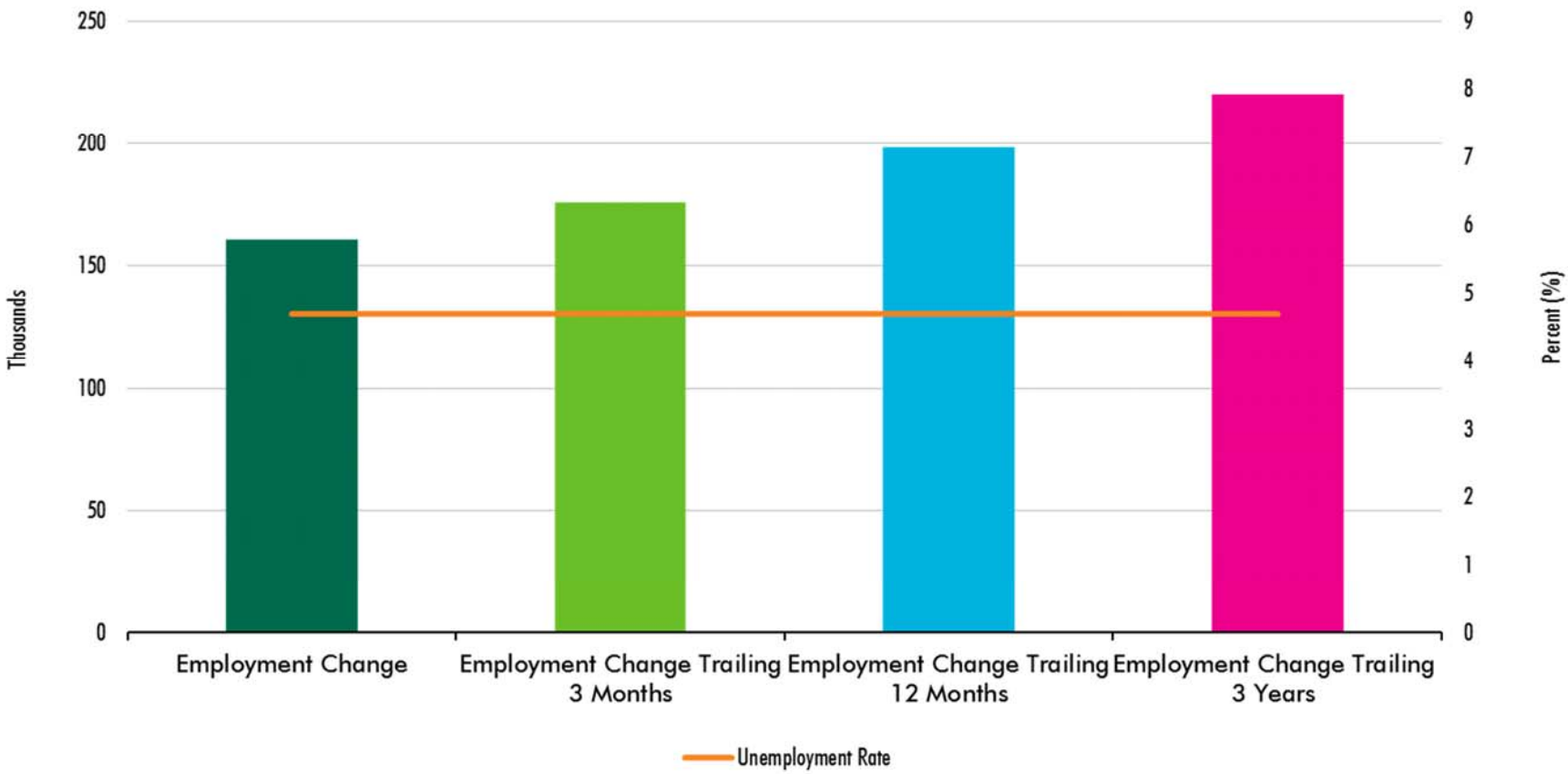


# THE U.S. ECONOMY

*Ready for the ride?*

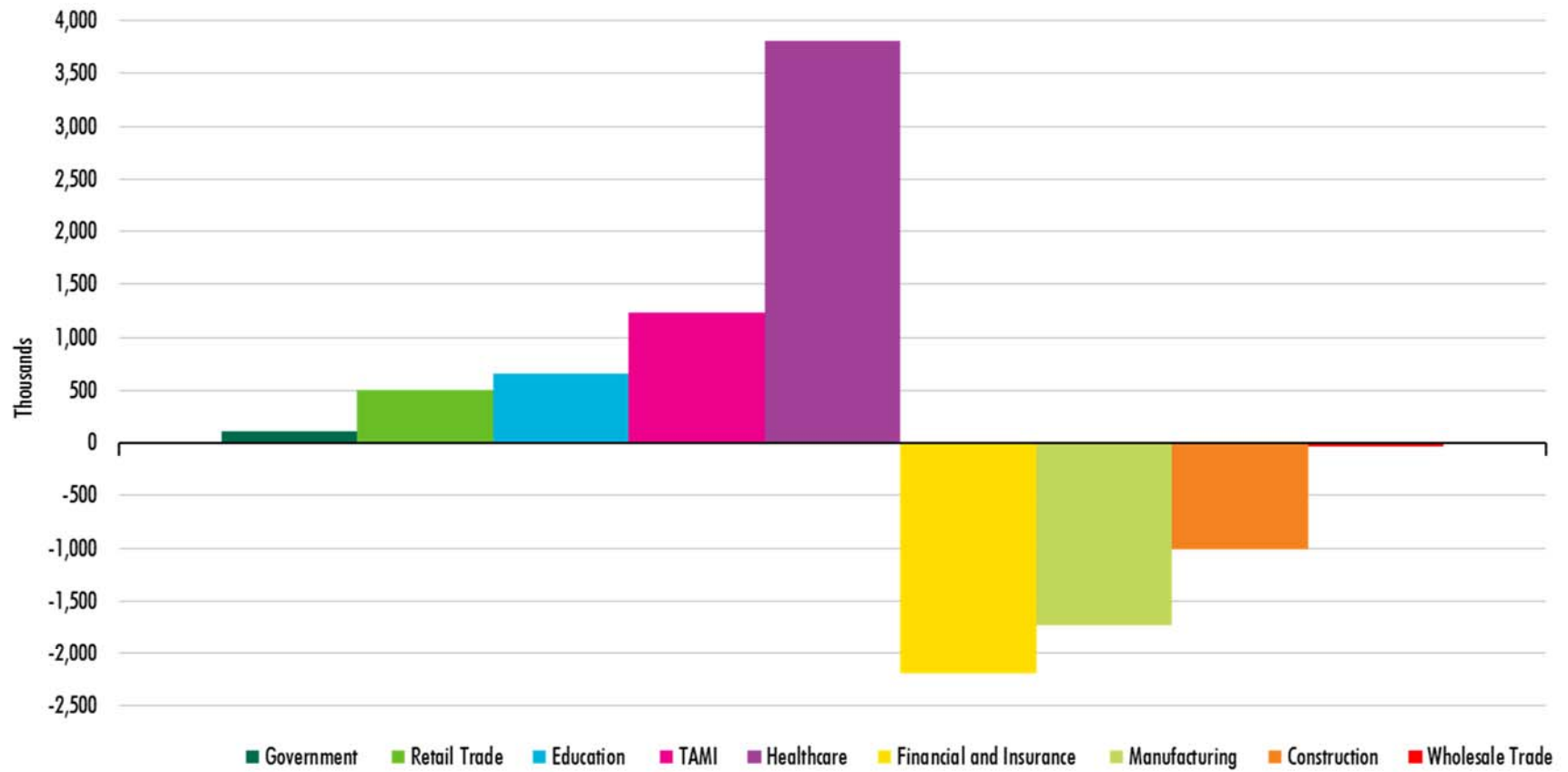
# JOB GROWTH – PREPARING FOR WINTER HIBERNATION?

October employment monthly growth and average



Source: BLS and CBRE Econometric Advisors, November 2016.

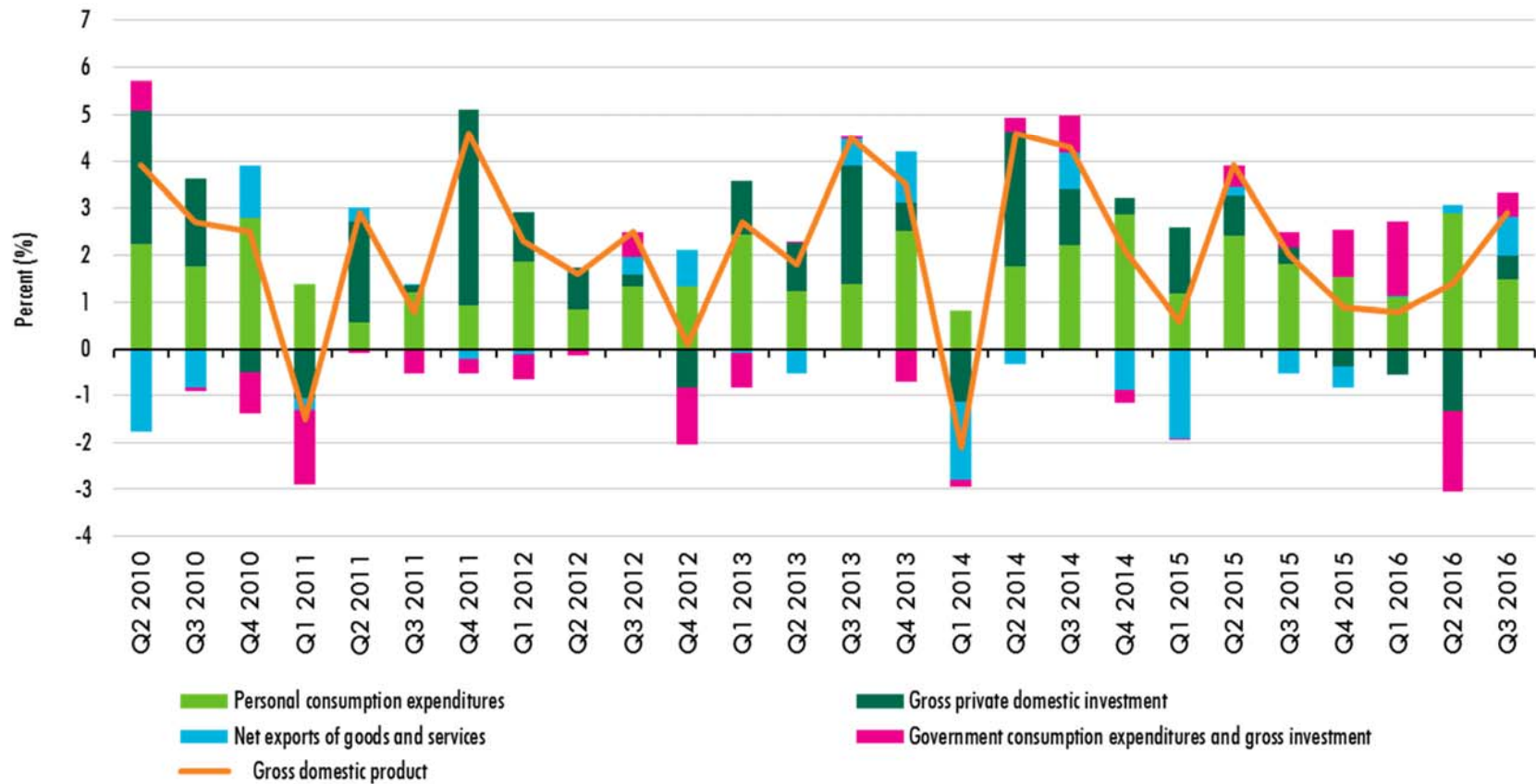
# EMPLOYMENT GROWTH FROM Q1 2007 – OCTOBER 2016



Source: BLS and CBRE Econometric Advisors, November 2016.

# GDP GROWTH

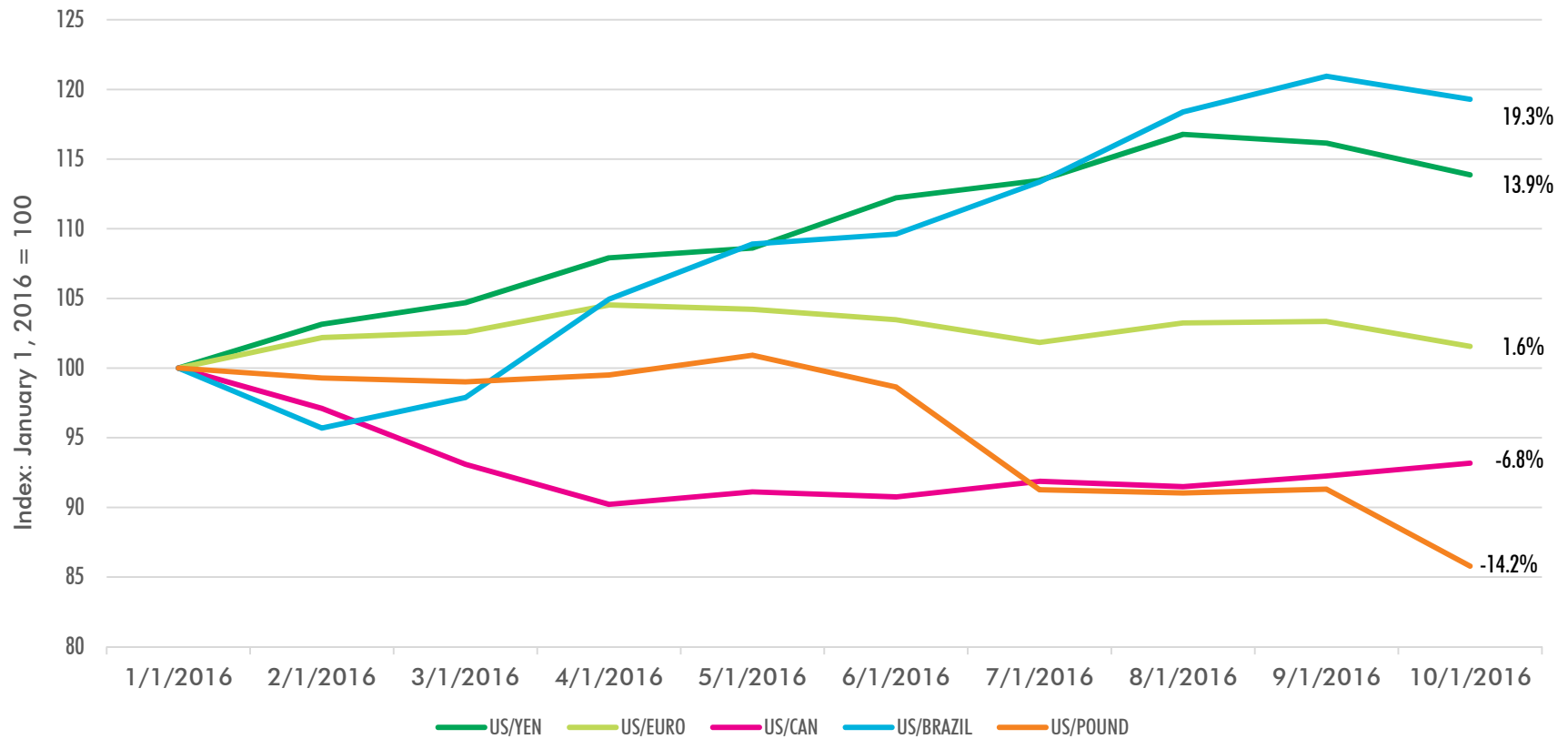
## GDP growth and components



Source: BLS and CBRE Econometric Advisors, November 2016.

# U.S. DOLLAR VS. FOREIGN CURRENCIES

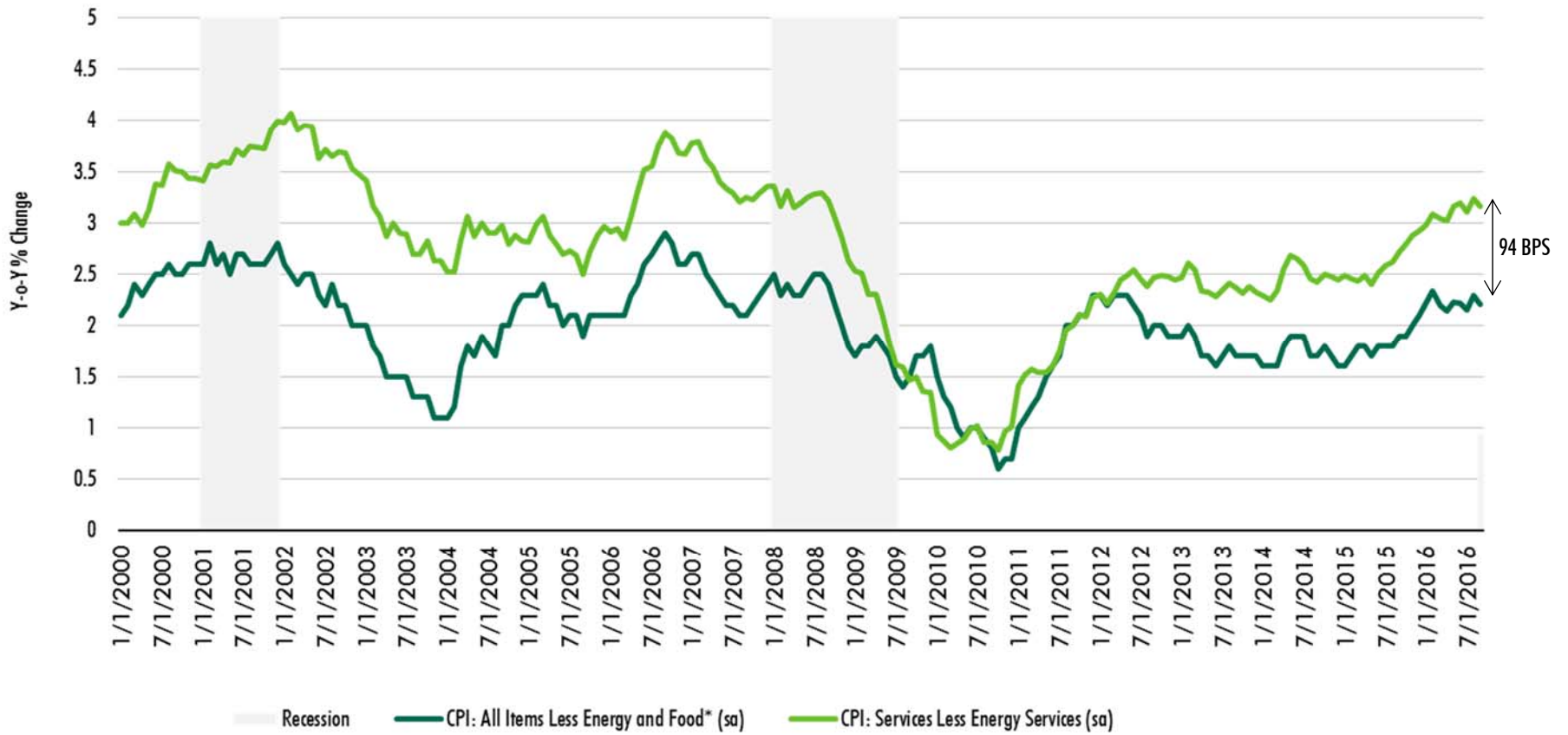
U.S. Dollar stops rising



Source: St. Louis Fed, November 2016.

# GETTING TO THE CORE OF GOODS AND SERVICES PRICES

Gap widens

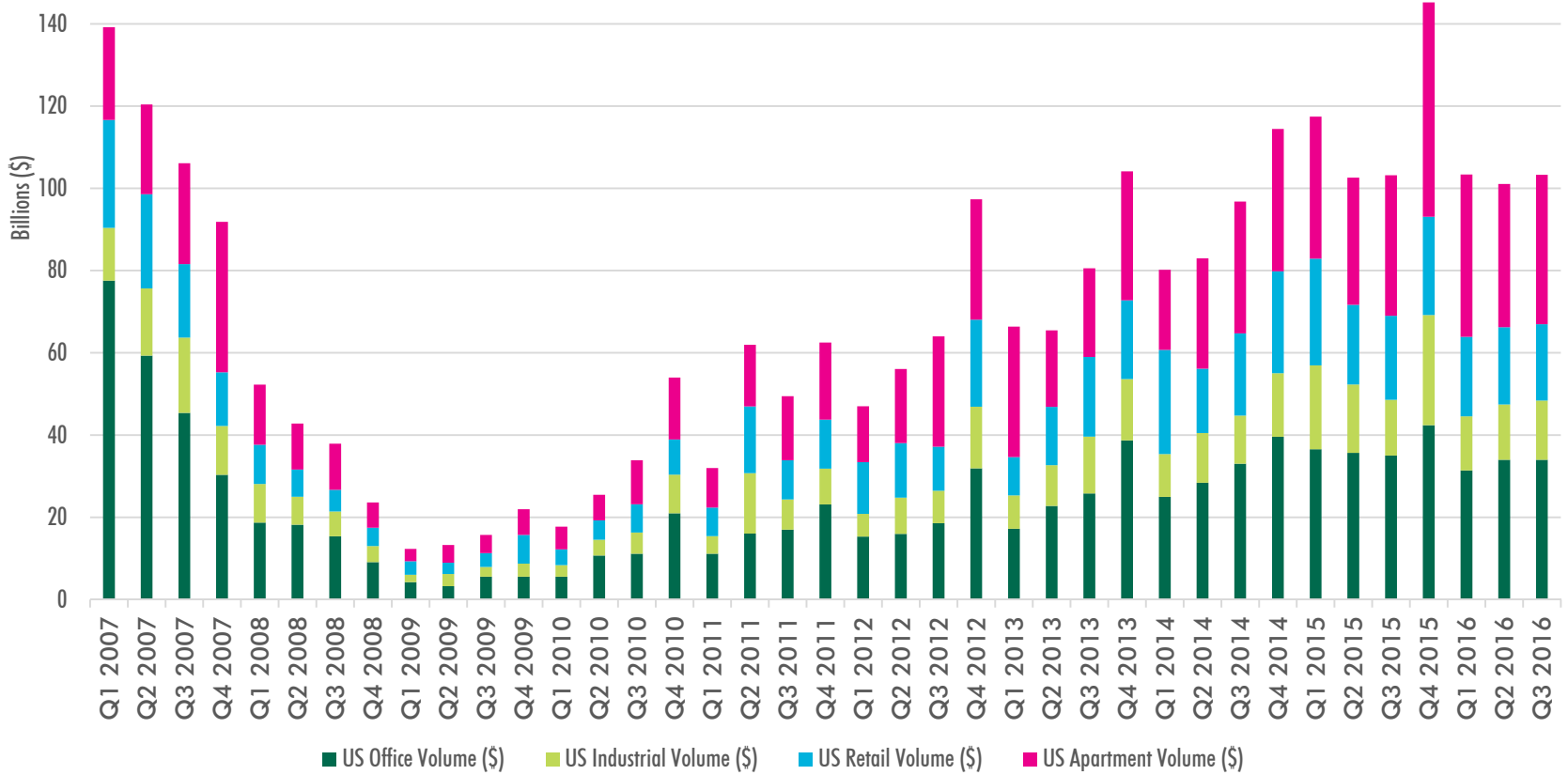


\* CPI All Items includes both goods and services.

Source: St. Louis Federal Reserve Bank and Moody's Analytics, November 2016.

# TRANSACTION VOLUME

Investment activity slightly up across the board in Q3



Source: Real Capital Analytics, November 2016.



# TRANSACTION VOLUME

Investment activity down across the board in Q3

Figure 1: U.S. Commercial Real Estate Acquisitions Volume

	Total (\$ billions)		Change (%)
Most Recent Quarter	Q3 2015	Q3 2016	
Individual Assets	90.5	92.2	1.9
Portfolios	21.2	18.6	-12.3
Entity-Level	5.5	3.9	-29.1
<b>Total</b>	<b>117.2</b>	<b>114.8</b>	<b>-2.0</b>
Year-to-Date - Oct	2015	2016	
Individual Assets	264.2	265.4	53.1
Portfolios	77.2	61.5	9.2
Entity-Level	36.2	16.1	-47.6
<b>Total</b>	<b>377.6</b>	<b>343.1</b>	<b>-9.1</b>

Source: CBRE Research, Real Capital Analytics, Q3 2016.

Figure 13: U.S. Retail Center Acquisitions Volume

	Total (\$ billions)		Change (%)
Most Recent Quarter	Q3 2015	Q3 2016	
Individual Assets	14.8	13.1	-11.5
Portfolios	3.8	2.6	-32.3
Entity-Level	1.9	2.8	45.5
<b>Total</b>	<b>20.5</b>	<b>18.4</b>	<b>-10.1</b>
Year-to-Date - Oct	2015	2016	
Individual Assets	43.9	41.5	42.6
Portfolios	15.6	10.9	-7.6
Entity-Level	6.7	4.7	-2.1
<b>Total</b>	<b>66.2</b>	<b>57.1</b>	<b>-13.7</b>

Source: CBRE Research, Real Capital Analytics, Q3 2016.

Figure 13: U.S. Office Acquisitions Volume

	Total (\$ billions)		Change (%)
Most Recent Quarter	Q3 2015	Q3 2016	
Individual Assets	28.1	27.5	-2.0
Portfolios	7.2	6.4	-10.3
Entity-Level	26.6	0	-100
<b>Total</b>	<b>35.2</b>	<b>33.9</b>	<b>-3.7</b>
Year-to-Date - Oct	2015	2016	
Individual Assets	78.9	80.1	58.6
Portfolios	24.8	15.7	-12.3
Entity-Level	3.8	3.7	-2.6
<b>Total</b>	<b>107.6</b>	<b>99.5</b>	<b>-7.5</b>

Source: CBRE Research, Real Capital Analytics, Q3 2016.

Figure 15: U.S. Multifamily Acquisitions Volume

	Total (\$ billions)		Change (%)
Most Recent Quarter	Q3 2015	Q3 2016	
Individual Assets	25.5	31.6	23.8
Portfolios	5.7	5.2	-8.5
Entity-Level	3.2	0	-100
<b>Total</b>	<b>34.4</b>	<b>36.8</b>	<b>7.1</b>
Year-to-Date - Oct	2015	2016	
Individual Assets	75.8	84.6	68.9
Portfolios	18.3	23.7	89.6
Entity-Level	6.1	3.3	10.0
<b>Total</b>	<b>100.2</b>	<b>111.5</b>	<b>11.3</b>

Source: CBRE Research, Real Capital Analytics, Q3 2016.

Figure 8: U.S. Industrial Acquisitions Volume

	Total (\$ billions)		Change (%)
Most Recent Quarter	Q3 2015	Q3 2016	
Individual Assets	10.5	10.4	0.1
Portfolios	2.9	3.8	31
Entity-Level	0.39	0	-100
<b>Total</b>	<b>13.7</b>	<b>14.2</b>	<b>-3</b>
Year-to-Date - Oct	2015	2016	
Individual Assets	27.3	29.4	75.0
Portfolios	8.7	8.6	48.3
Entity-Level	15	2.9	-80.1
<b>Total</b>	<b>50.9</b>	<b>40.9</b>	<b>-19.6</b>

Source: CBRE Research, Real Capital Analytics, Q3 2016.

Figure 7: U.S. Hotel Acquisitions Volume

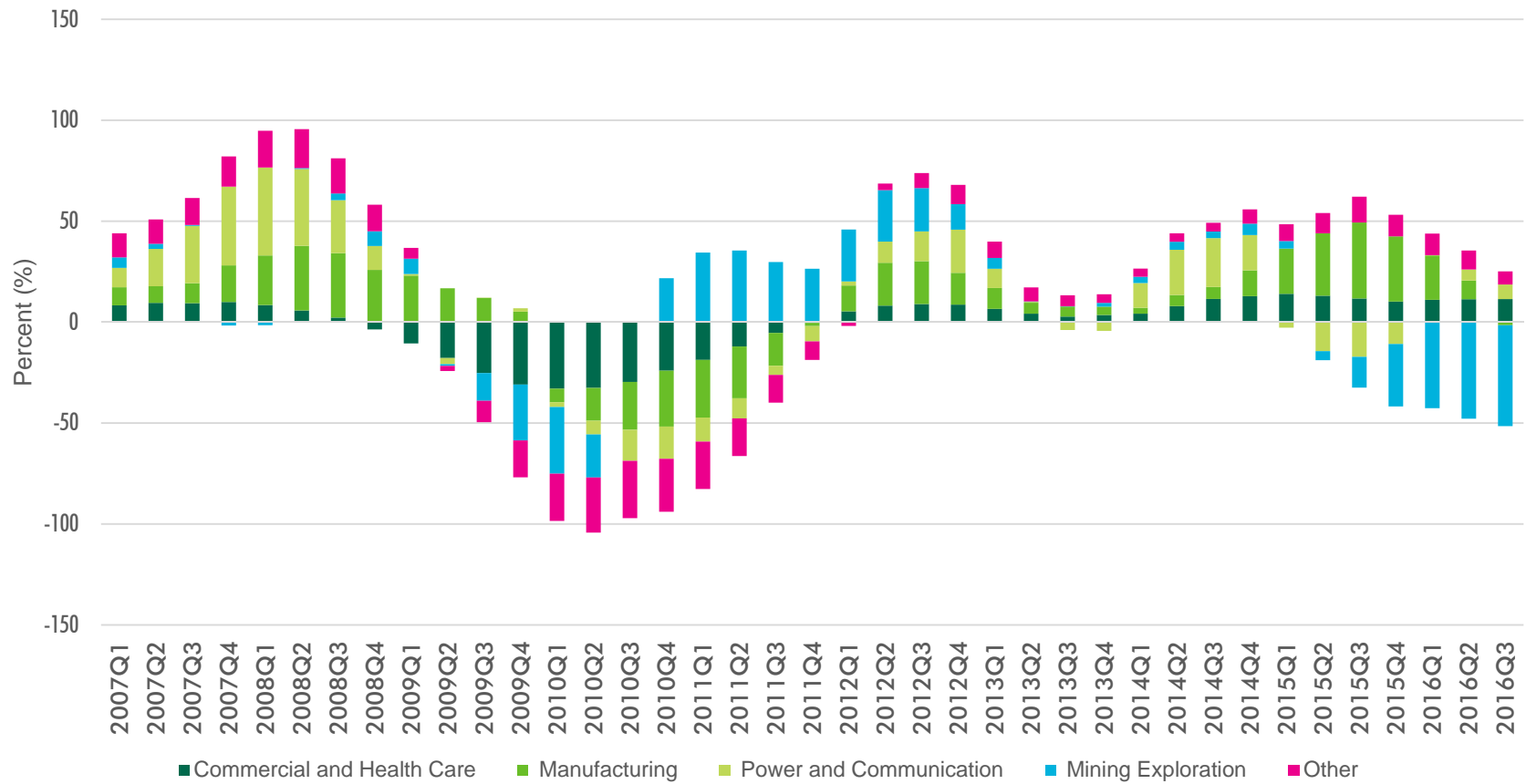
	Total (\$ billions)		Change (%)
Most Recent Quarter	Q3 2015	Q3 2016	
Individual Assets	5.8	5.9	0.7
Portfolios	1.6	0.53	-66.3
Entity-Level	-	5.9	na
<b>Total</b>	<b>7.4</b>	<b>7.6</b>	<b>2.4</b>
Year-to-Date - Oct	2015	2016	
Individual Assets	22.3	17.5	6.7
Portfolios	9.1	2.2	-70.5
Entity-Level	4.2	1.2	-71.7
<b>Total</b>	<b>35.6</b>	<b>20.9</b>	<b>-41.3</b>

Source: CBRE Research, Real Capital Analytics, Q3 2016.

Source: Real Capital Analytics, November 2016.

# BUSINESS INVESTMENT- STRUCTURES INVESTMENT

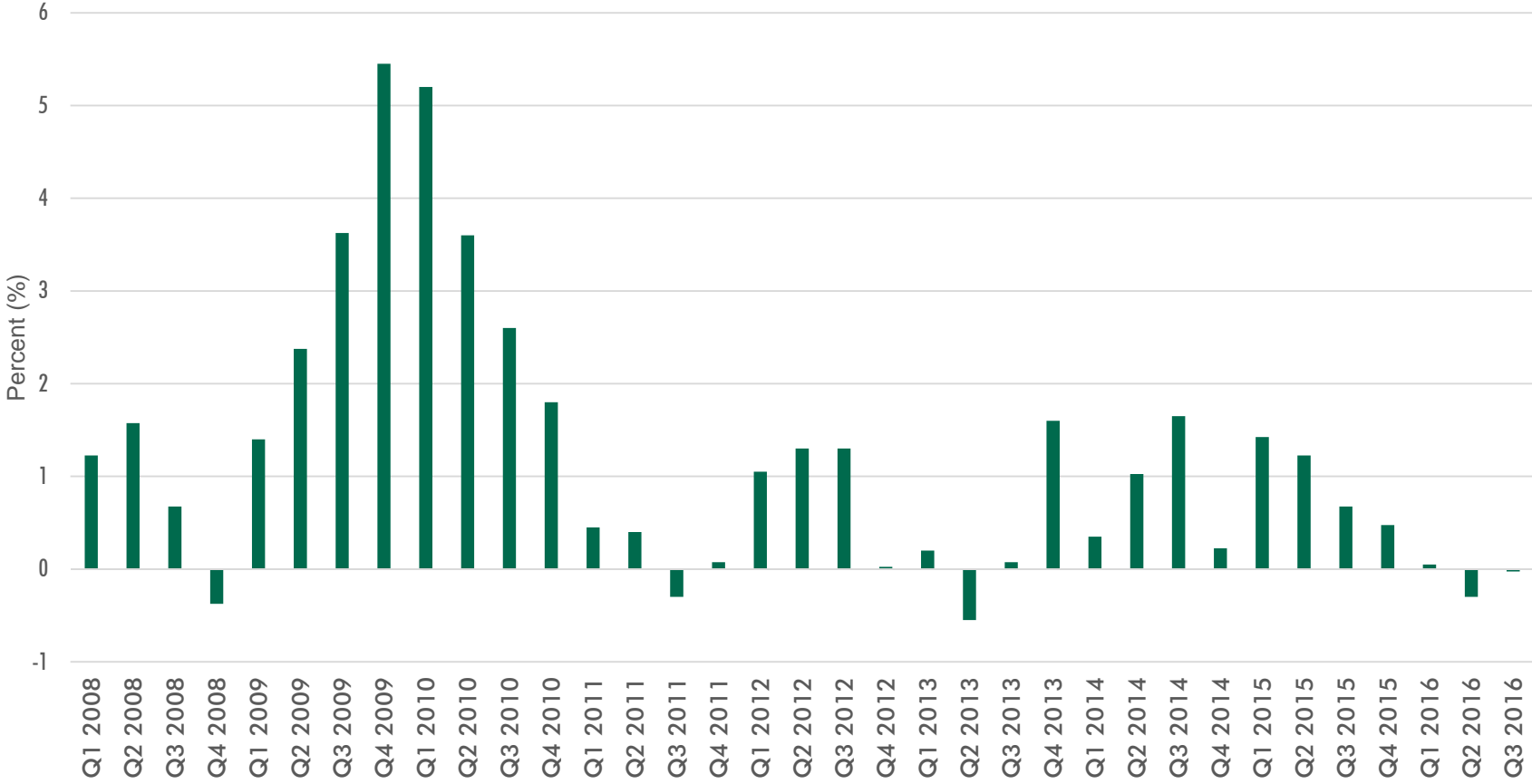
Percent Change: 4 quarter trailing average



Source: Moody's Analytics and CBRE EA Research, November 2016.

# U.S. PRODUCTIVITY

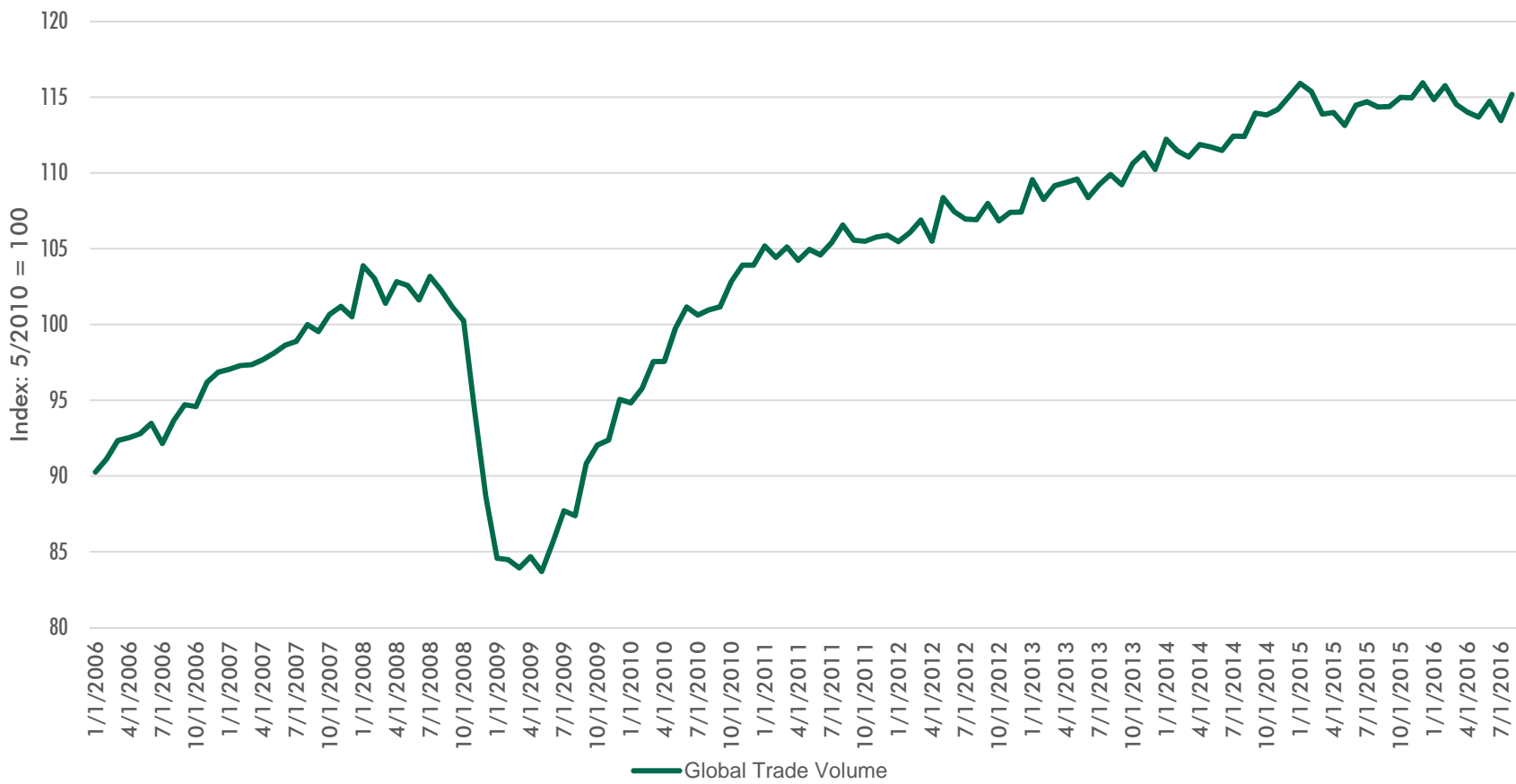
## Productivity growth – compounded annual rate of change



Source: Bureau of Labor Statistics, Federal Reserve Bank of St. Louis- November, 2016.

# GLOBAL TRADE VOLUMES

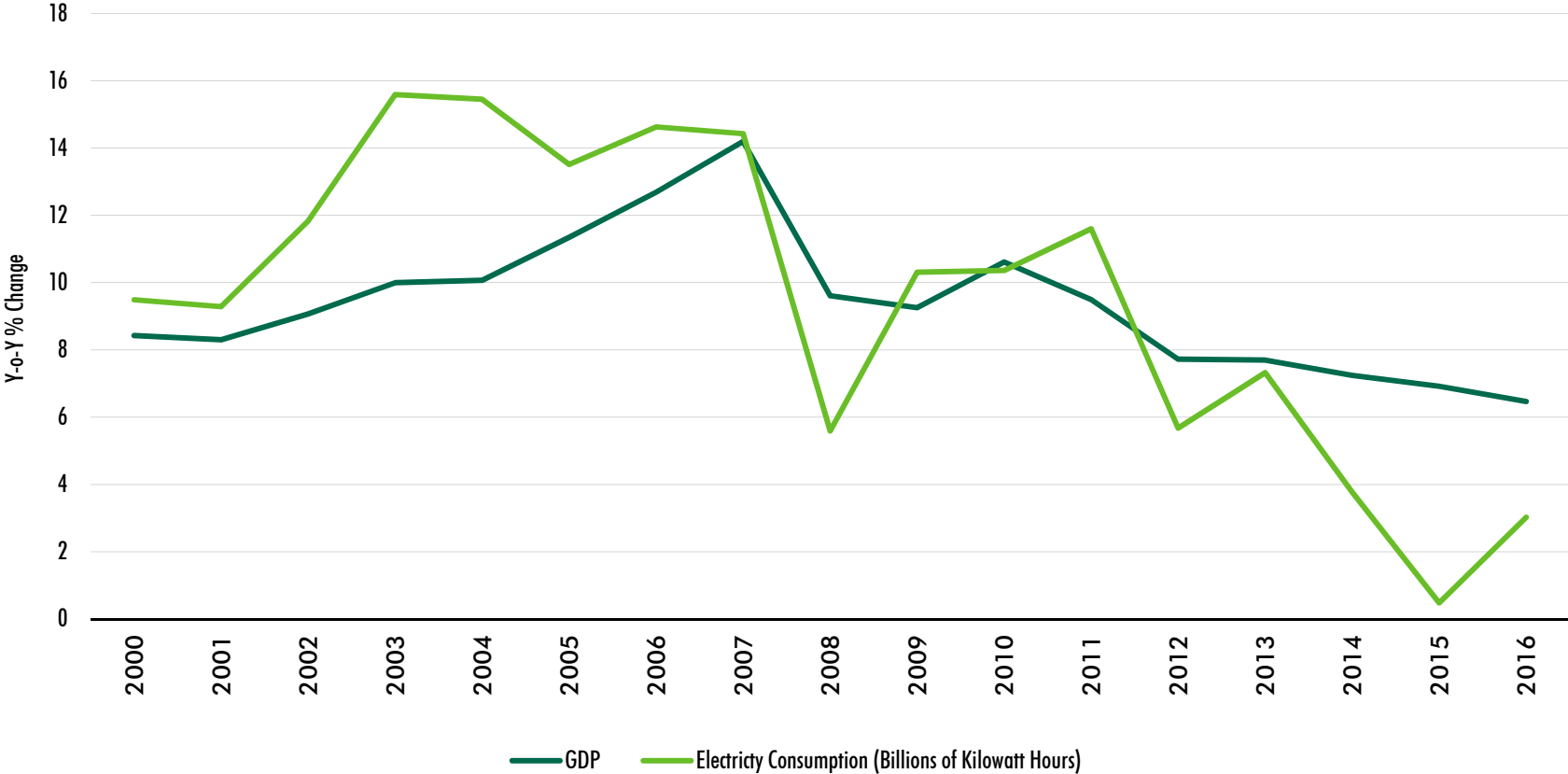
Volumes Stabilizing



Source: CBP Netherlands Bureau for Economic Policy Analysis, November 2016.

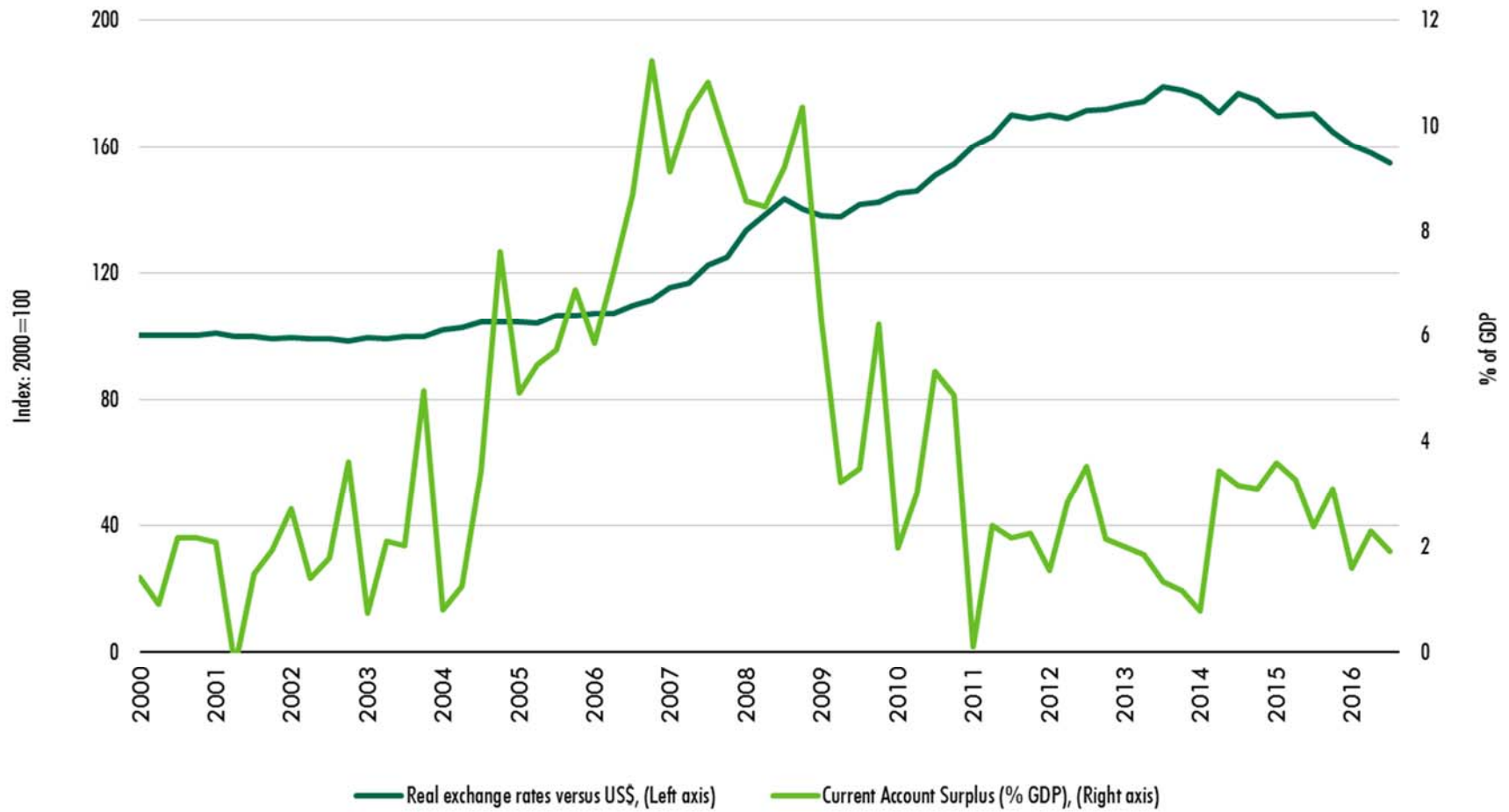
# CHINA'S GREAT TRANSITION

Manufacturing to consumption economy?



Source: Oxford Economics, July 2016.

# CHINESE CURRENT ACCOUNT



Source: Oxford Economics Q3, 2016.

# FUTURE OUTLOOK

## HOW TO SLEEP AT NIGHT

### *Reasons to be optimistic*

- *Employment solid*
- *Wages perking up*
- *Inflation closer to 2%*
- *Retail sales better than expected*
- *China consumers*
- *Europe*
- *Developed Economies performing better: Europe, Canada, Mexico, Brazil*

## KEEPING YOU UP

### *Things that concern us*

- *European Challenges*
  - *Brexit*
  - *Refugees*
- *Sentiment/ Consumer Confidence*
- *Middle East tensions*
  - *Emerging markets*
- *Rising Dollar*
  - *Emerging markets \$ debt*
- *???*



**CBRE**

**THANK YOU**