

The image features a dark background with a network of glowing green lines and nodes, resembling a data visualization or a city skyline at night. The CBRE logo is positioned in the top left corner.

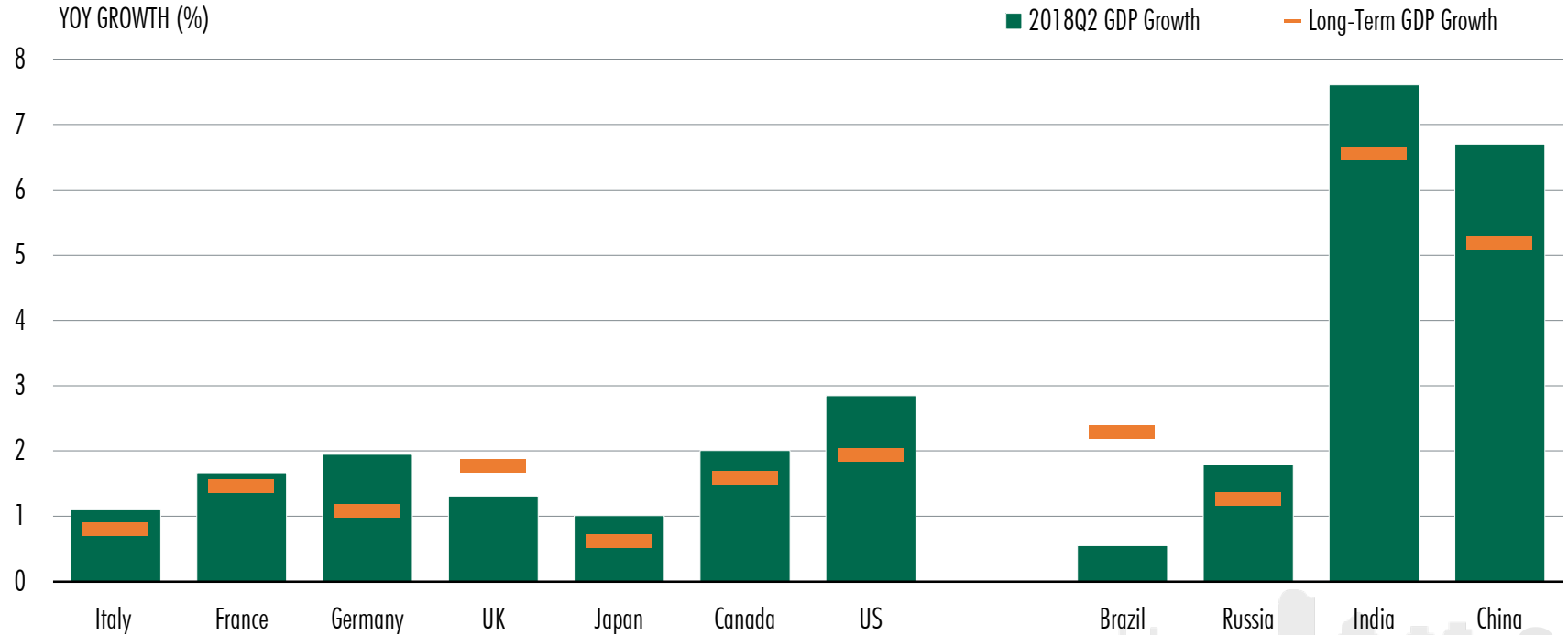
CBRE

Will this be the longest cycle ever?

CBRE ECONOMETRIC ADVISORS CLIENT FORUM

RICHARD BARKHAM, PHD MRICS CRE | GLOBAL CHIEF ECONOMIST

GLOBAL GDP GROWTH REMAINS VERY ROBUST



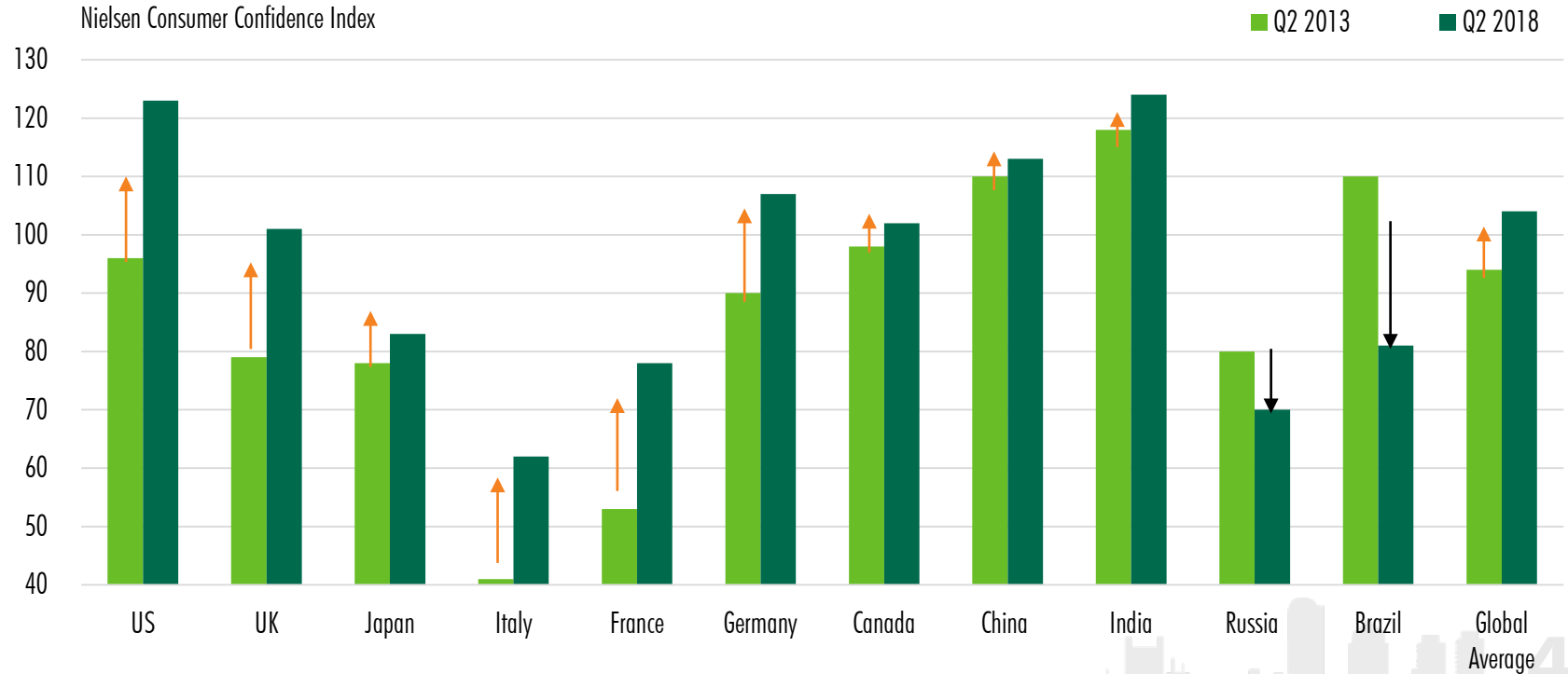
Source: Oxford Economics and CBRE EA, Q2 2018.

WITH STRONG EMPLOYMENT GAINS...

	Employment Gains (000s) – 12 months
EU	3,140
US	2,309
Japan	1,420
Total	6,896

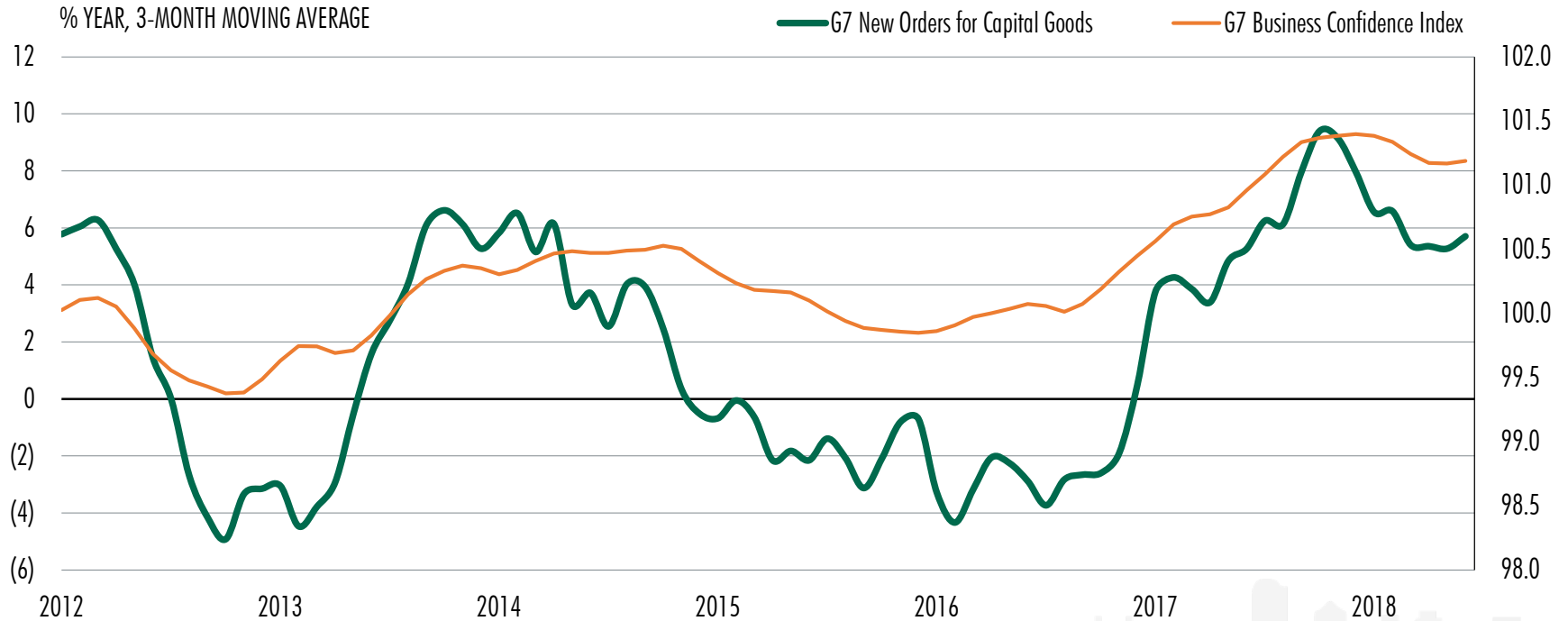
Source: Oxford Economics and CBRE EA, Q2 2018.

...AND BUOYANT CONSUMERS



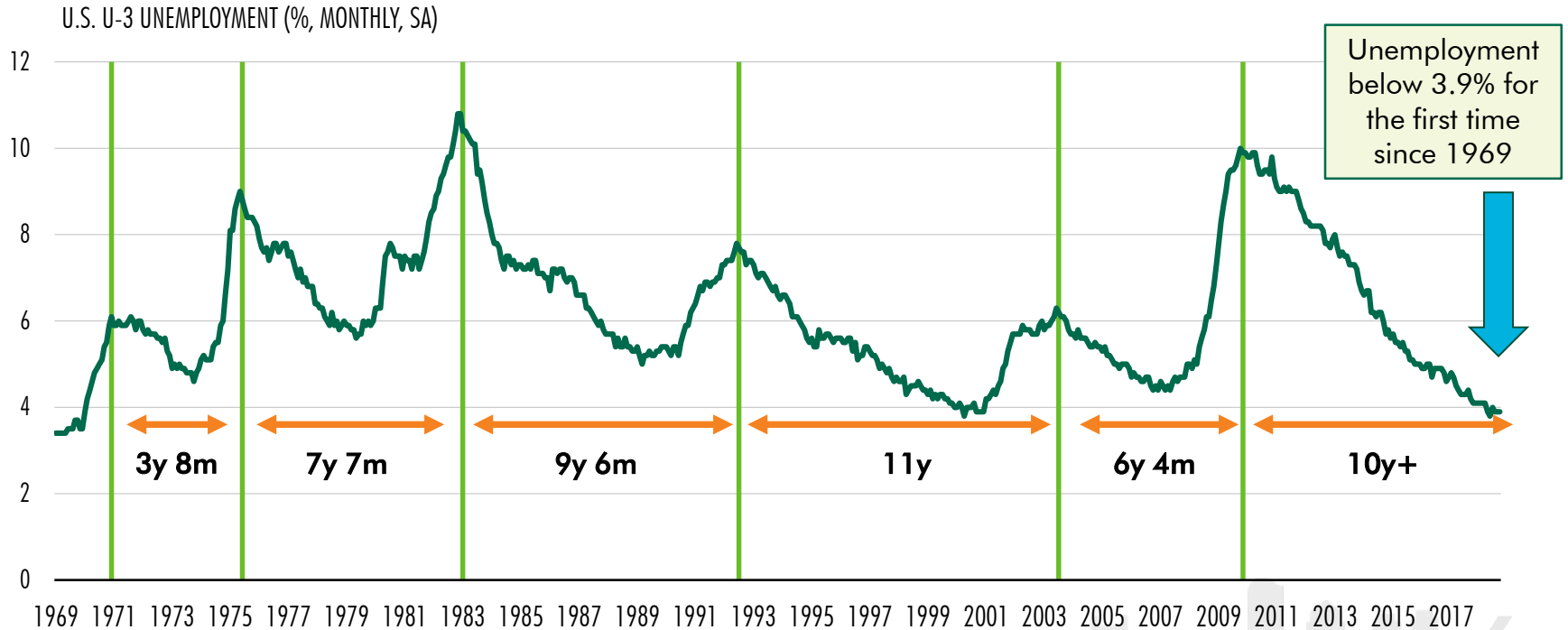
Source: Nielson, CBRE EA, Q2 2018.

BUSINESS SENTIMENT IS ALSO STRONG



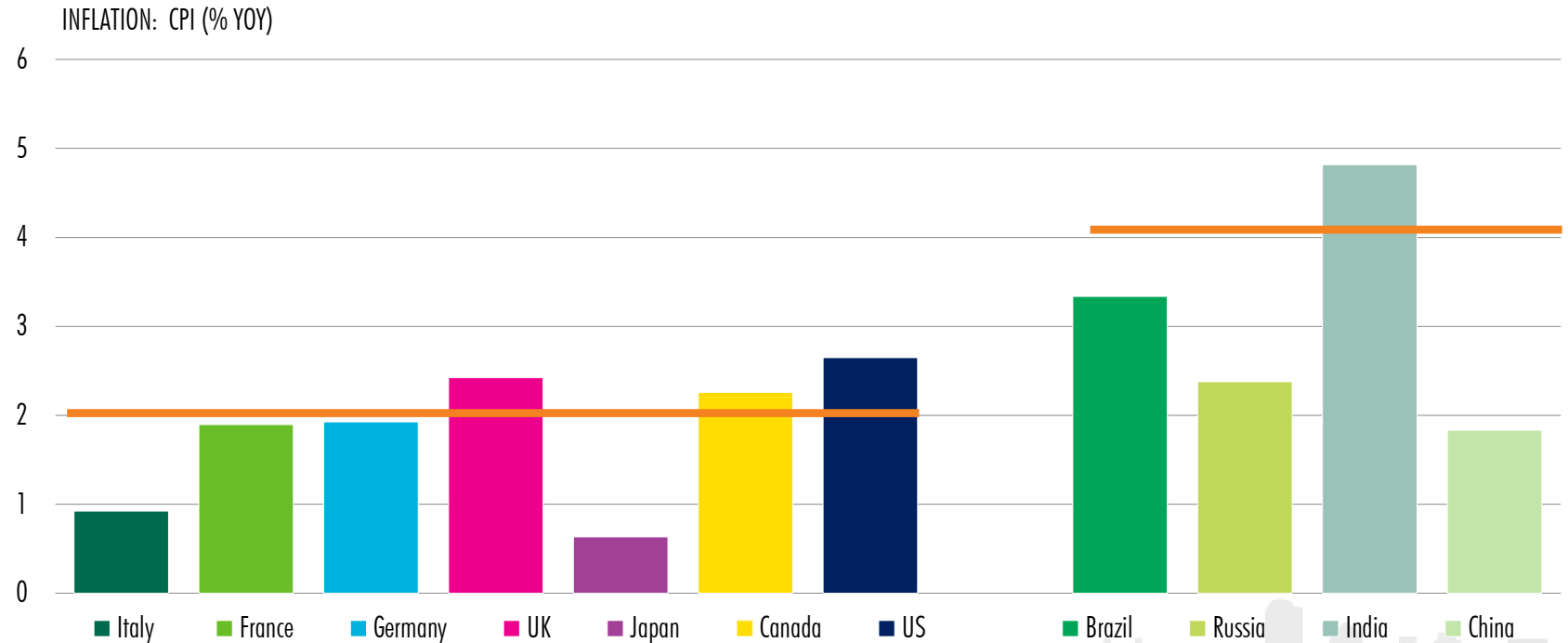
Source: Oxford Economics, Macrobond, OECD and CBRE EA, Q2 2018.

10 YEARS INTO EXPANSION, END OF CYCLE FEARS ARE GROWING



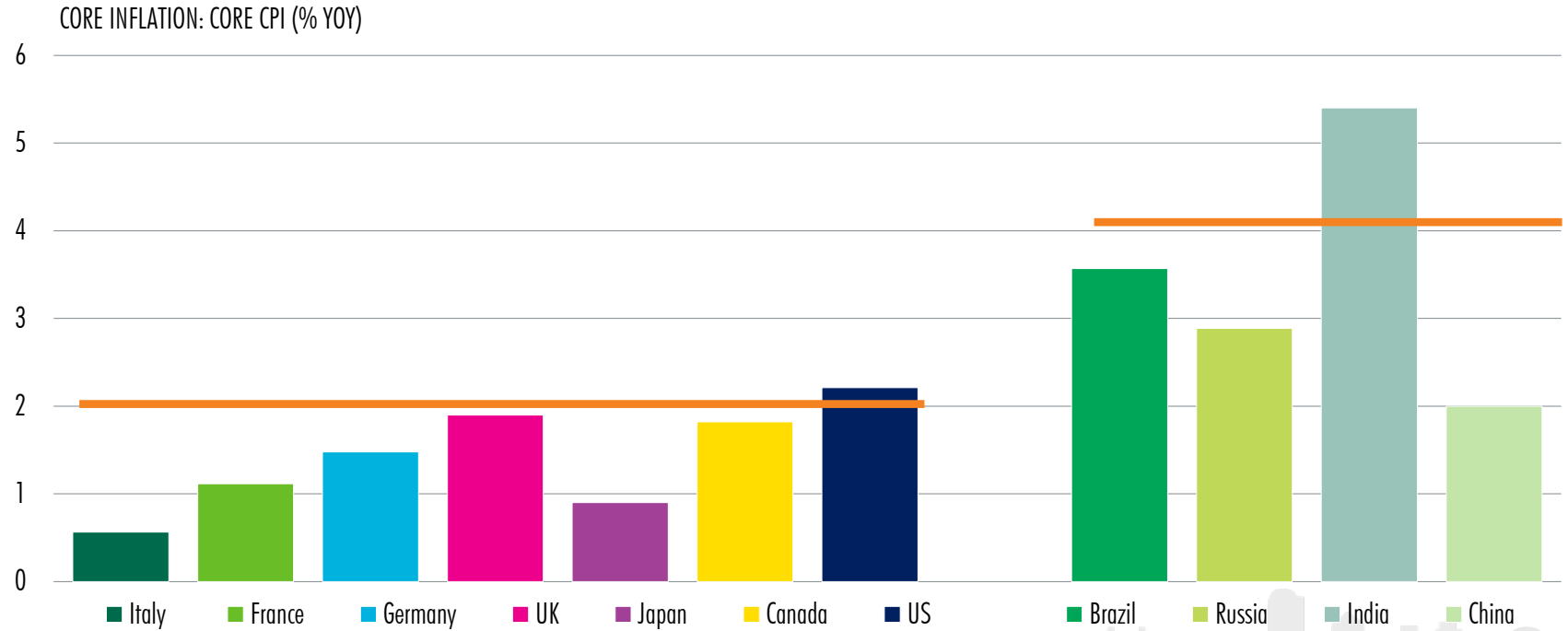
Source: U.S. Bureau of Labor Statistics & CBRE Research, Q2 2018.

HEADLINE INFLATION IS NOT AN ISSUE



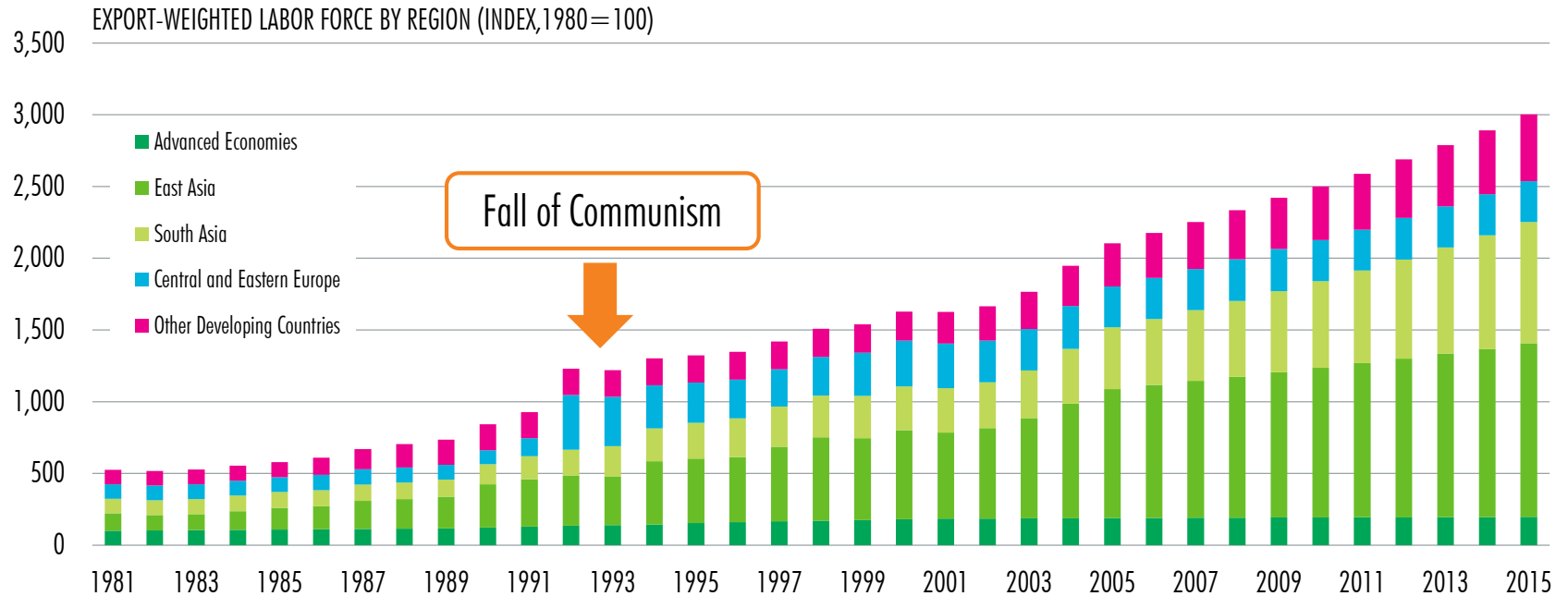
Source: Oxford Economics, OECD and CBRE EA, Q2 2018.

CORE INFLATION IS REMARKABLY SUBDUED



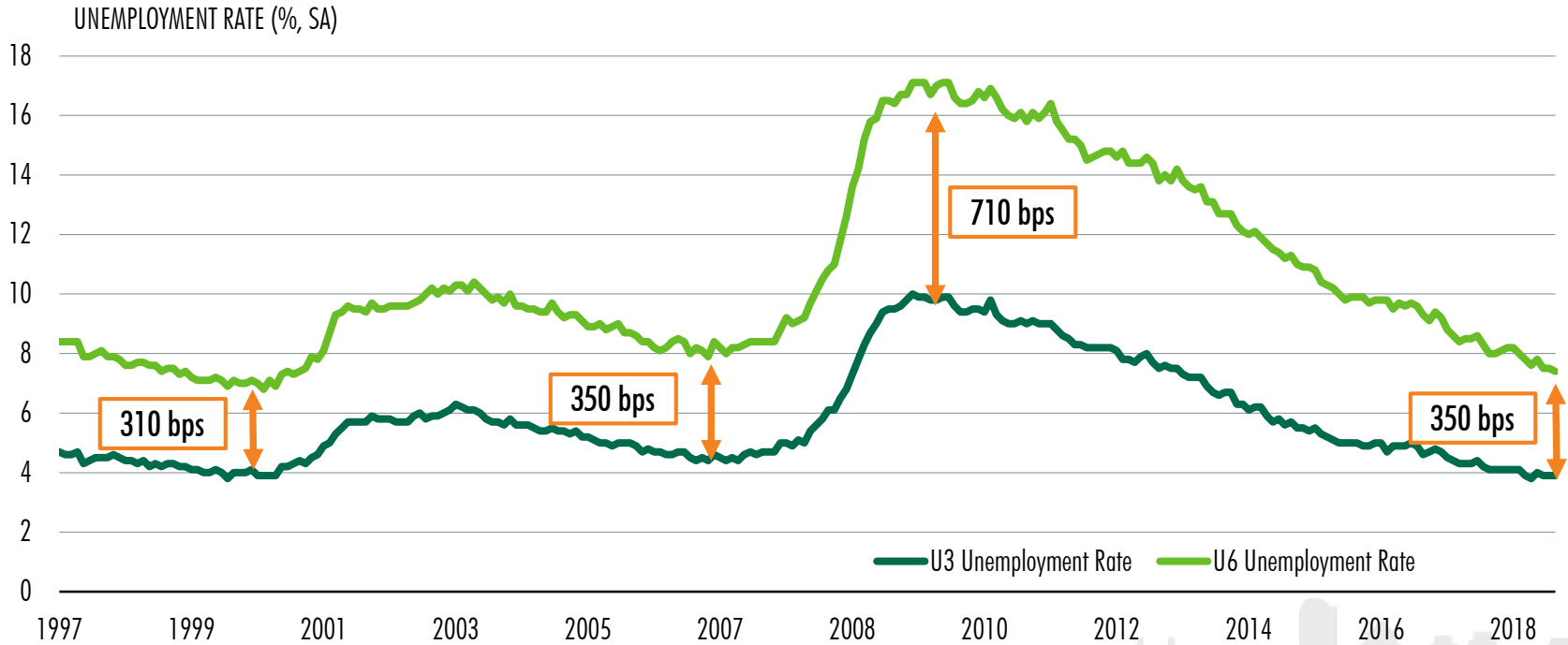
Source: Oxford Economics, OECD and CBRE EA, Q2 2018.

WORLD REMAINS IN THE GRIP OF A MASSIVE LABOR SUPPLY SHOCK



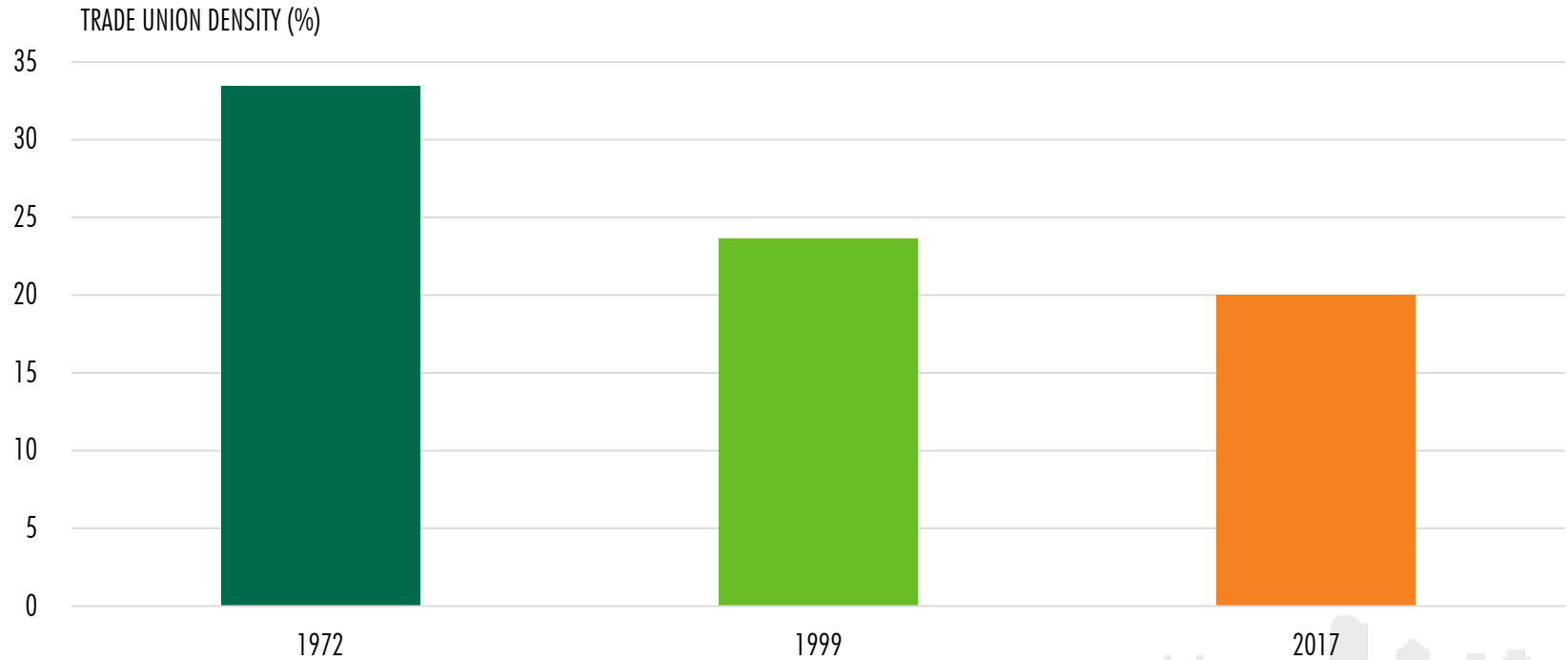
Source: IMF World Economic Outlook, CBRE Econometric Advisors.

THE U.S. STILL HAS A DEGREE OF HIDDEN UNEMPLOYMENT

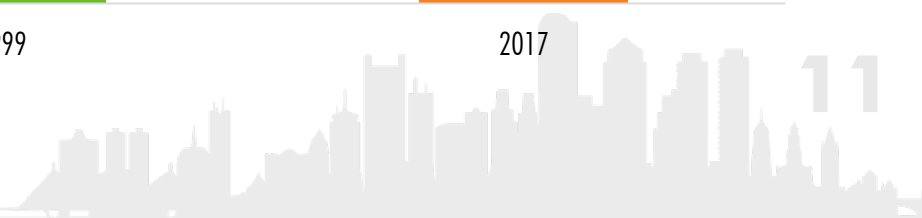


Source: U.S. Bureau of Labor Statistics & CBRE Research, Q2 2018.

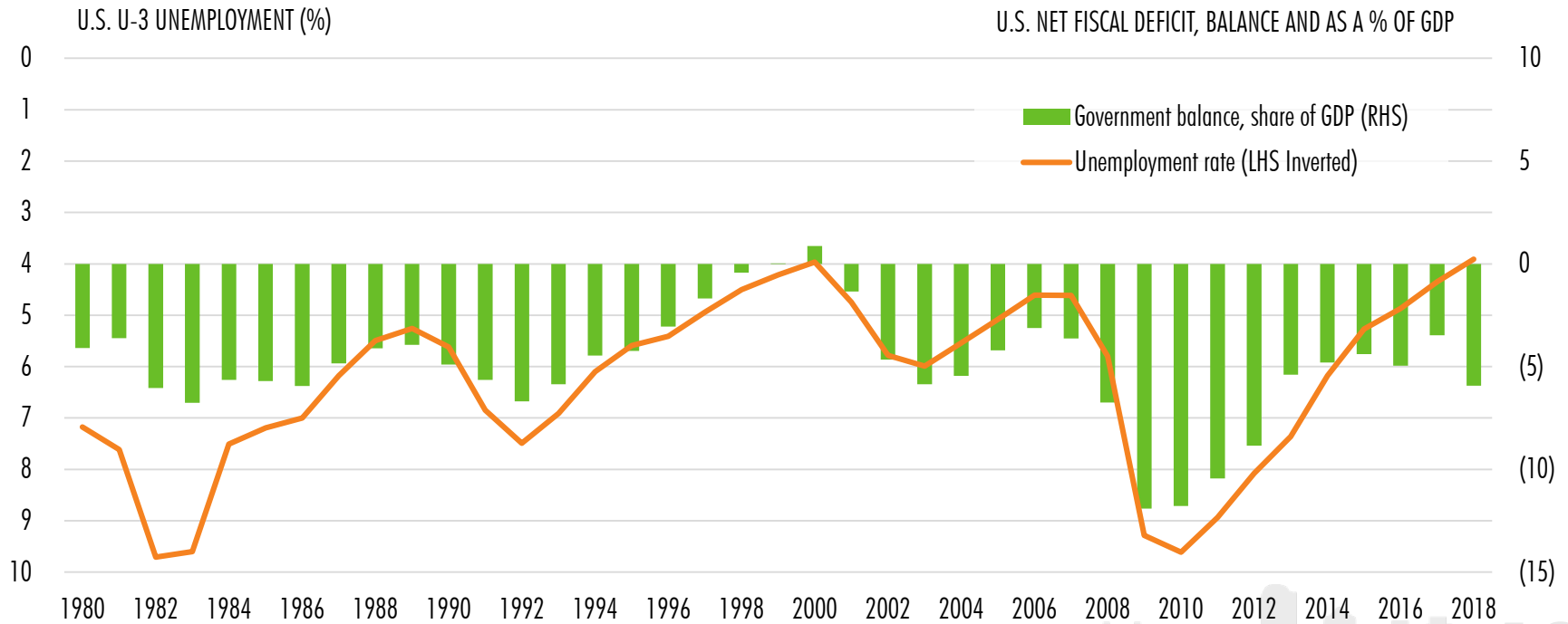
DECLINE IN LABOR POWER ALSO A FACTOR



Source: OECD and CBRE EA, Q2 2018.

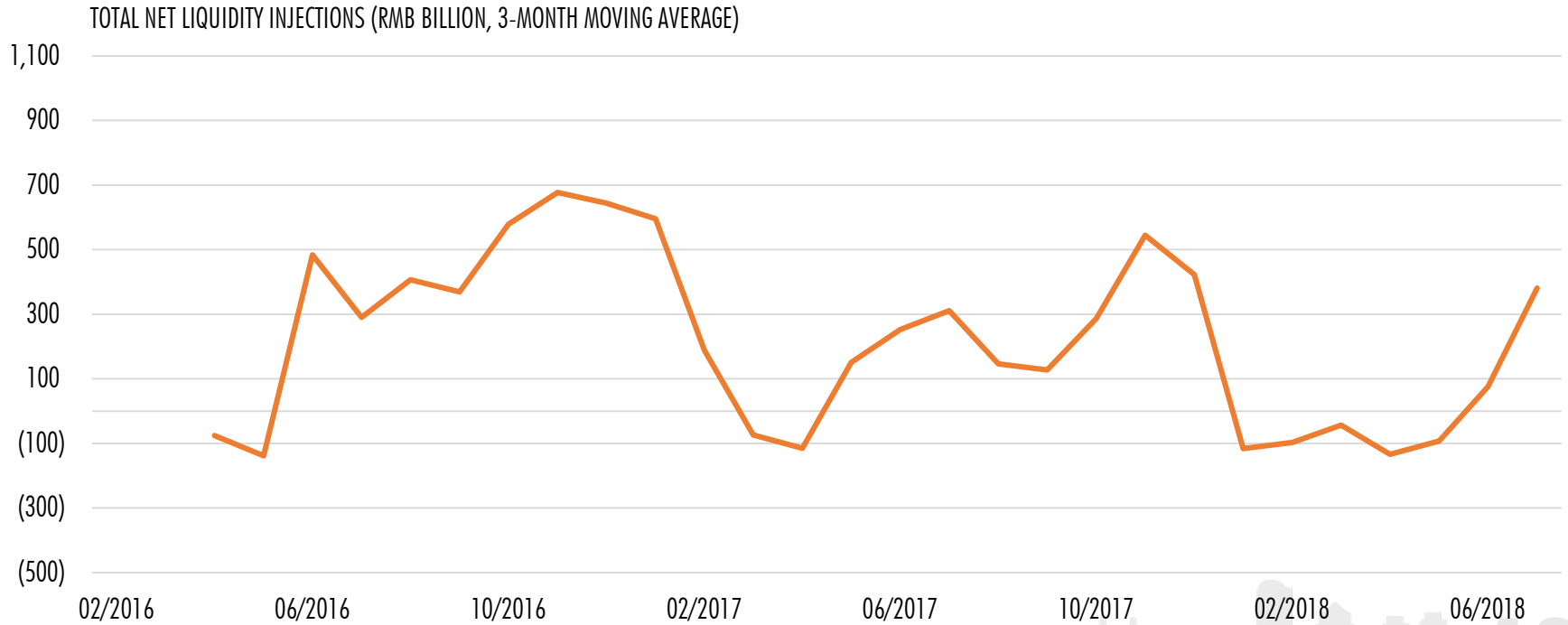


SO, PLENTY OF ROOM FOR STIMULUS



Source: Oxford Economics, Federal Reserve Bank of St. Louis and CBRE EA, Q2 2018.

ALSO IN CHINA

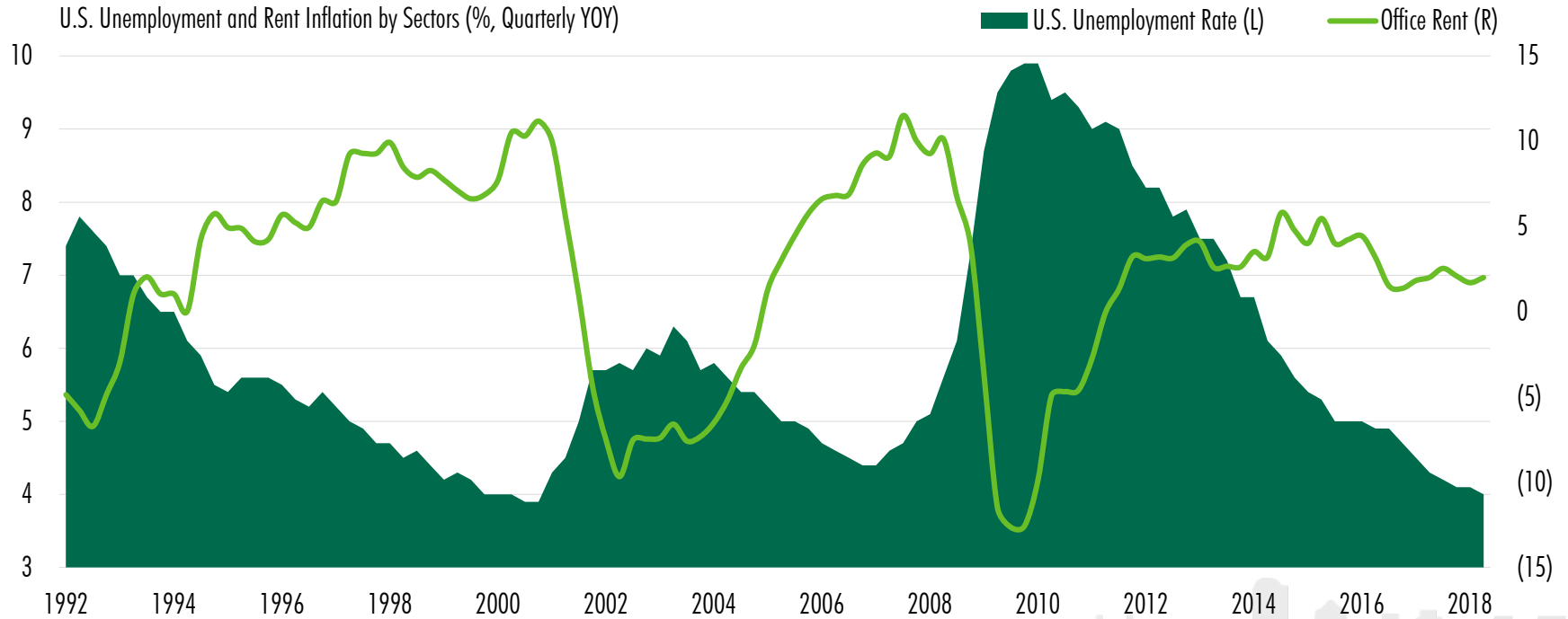


Source: Enodo Economics and CBRE EA, Q2 2018.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are dark, and many windows are illuminated from within, creating a grid of light points. The sky is a pale, overcast blue. The perspective makes the buildings appear to converge towards the top of the frame.

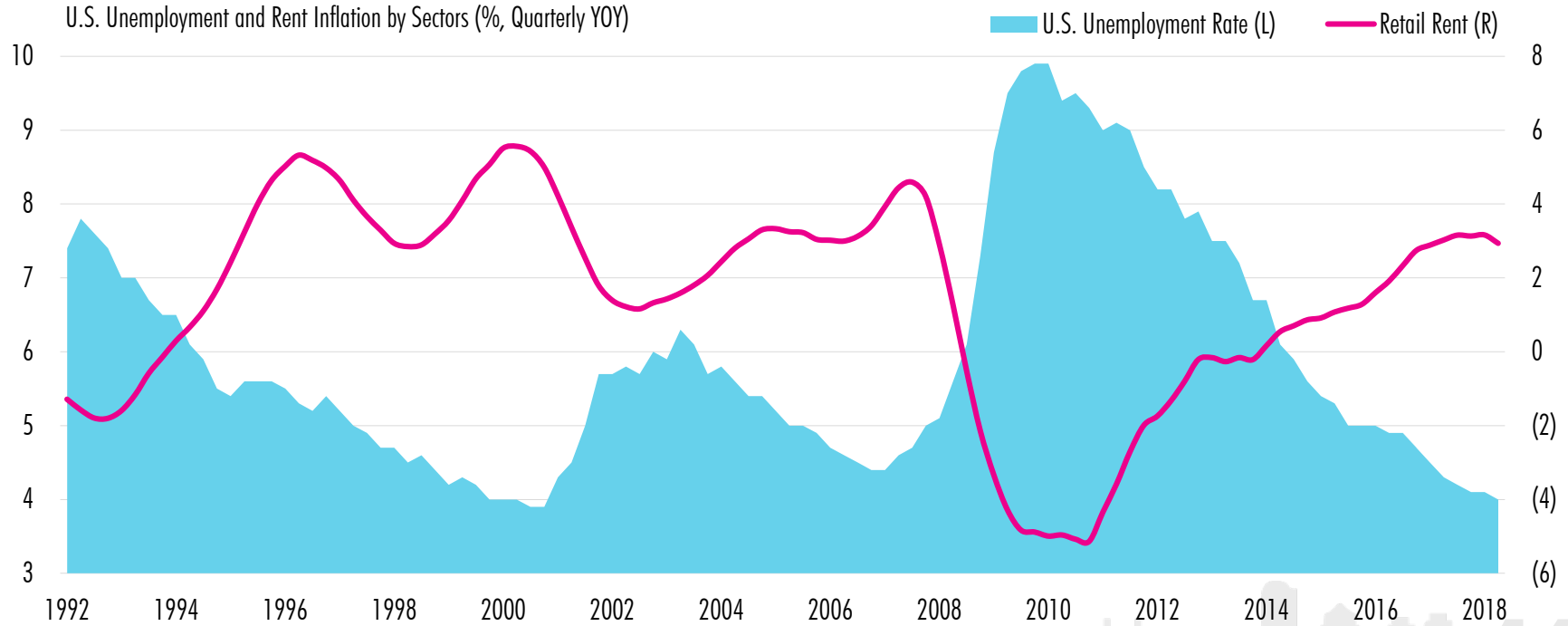
WHAT ABOUT THE REAL ESTATE CYCLE?

OFFICE—A MUTED CYCLE



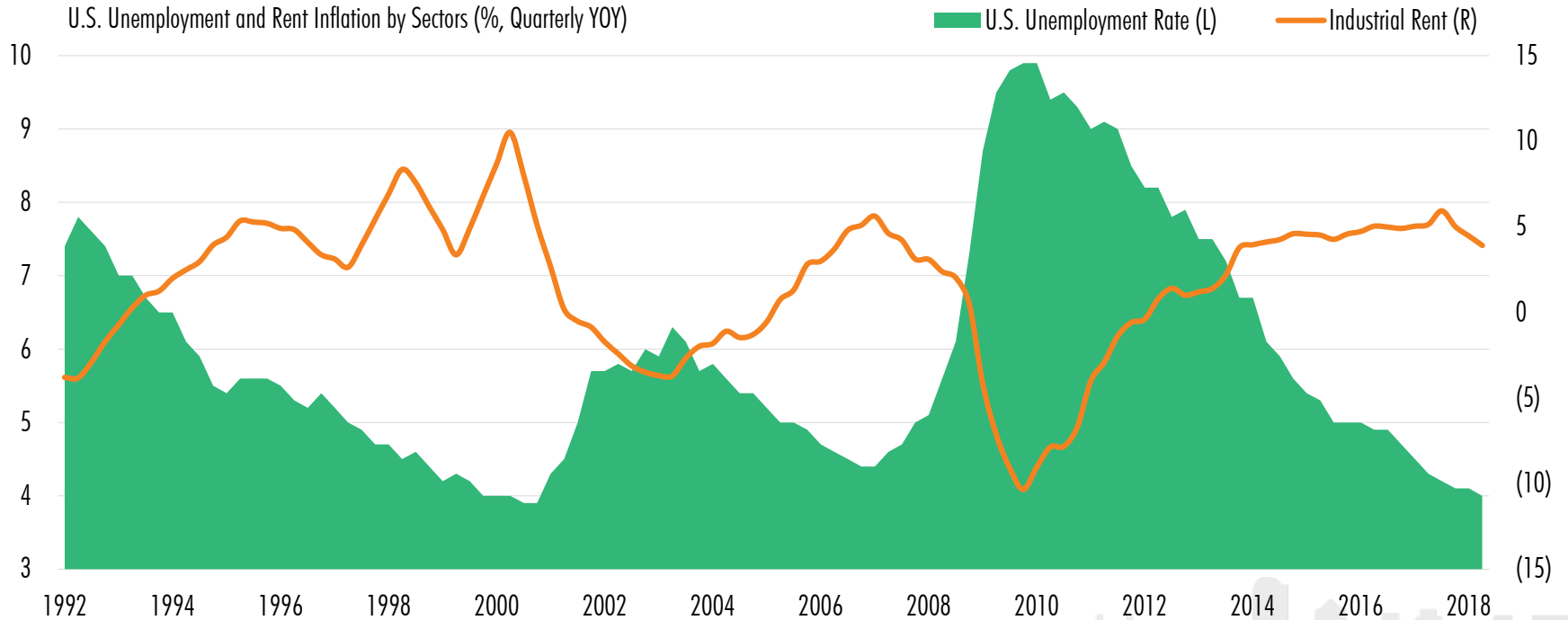
Source: U.S. Bureau of Labor Statistics, CBRE Econometric Advisors & CBRE Research, Q2 2018.

RETAIL—SLOW OUT OF THE TRAPS



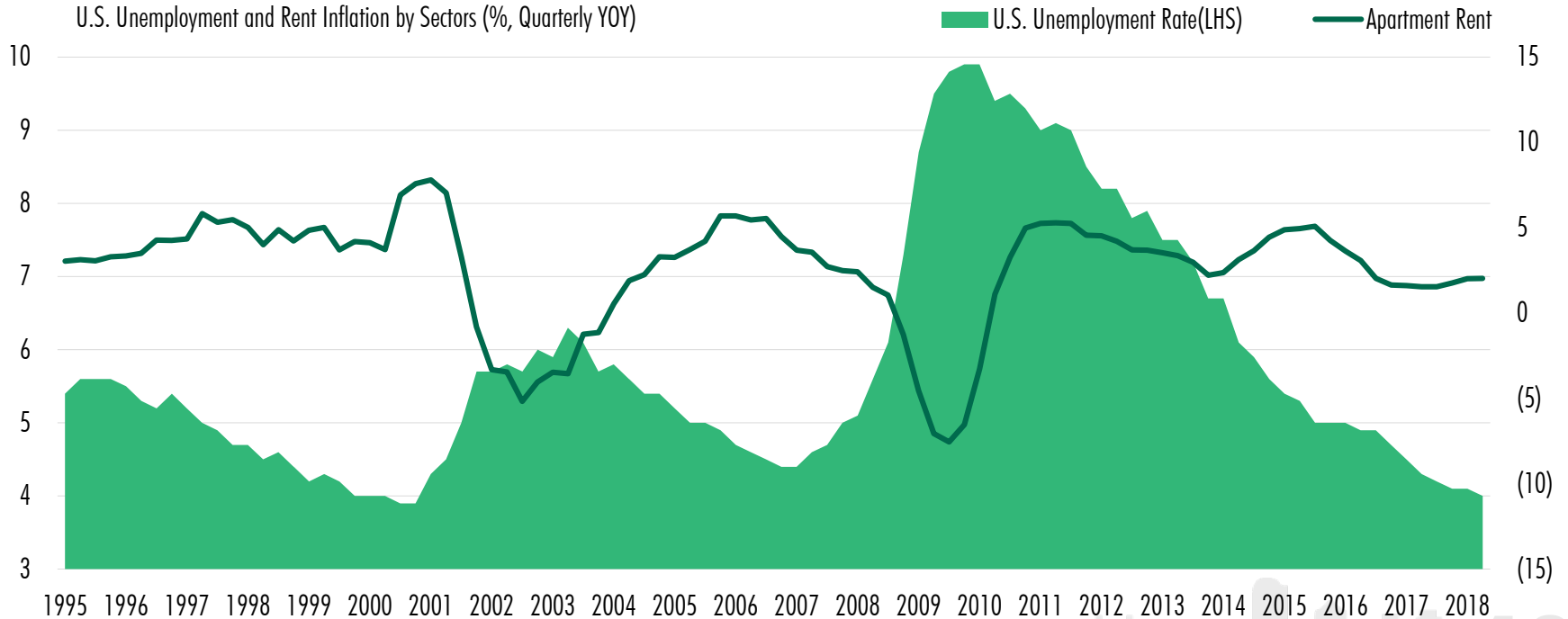
Source: U.S. Bureau of Labor Statistics, CBRE Econometric Advisors & CBRE Research, Q2 2018.

INDUSTRIAL—STRONG AND SUSTAINED GROWTH



Source: U.S. Bureau of Labor Statistics, CBRE Econometric Advisors & CBRE Research, Q2 2018.

MULTIFAMILY—HUGE STRUCTURAL BOOST



Source: U.S. Bureau of Labor Statistics, CBRE Econometric Advisors & CBRE Research, Q2 2018.

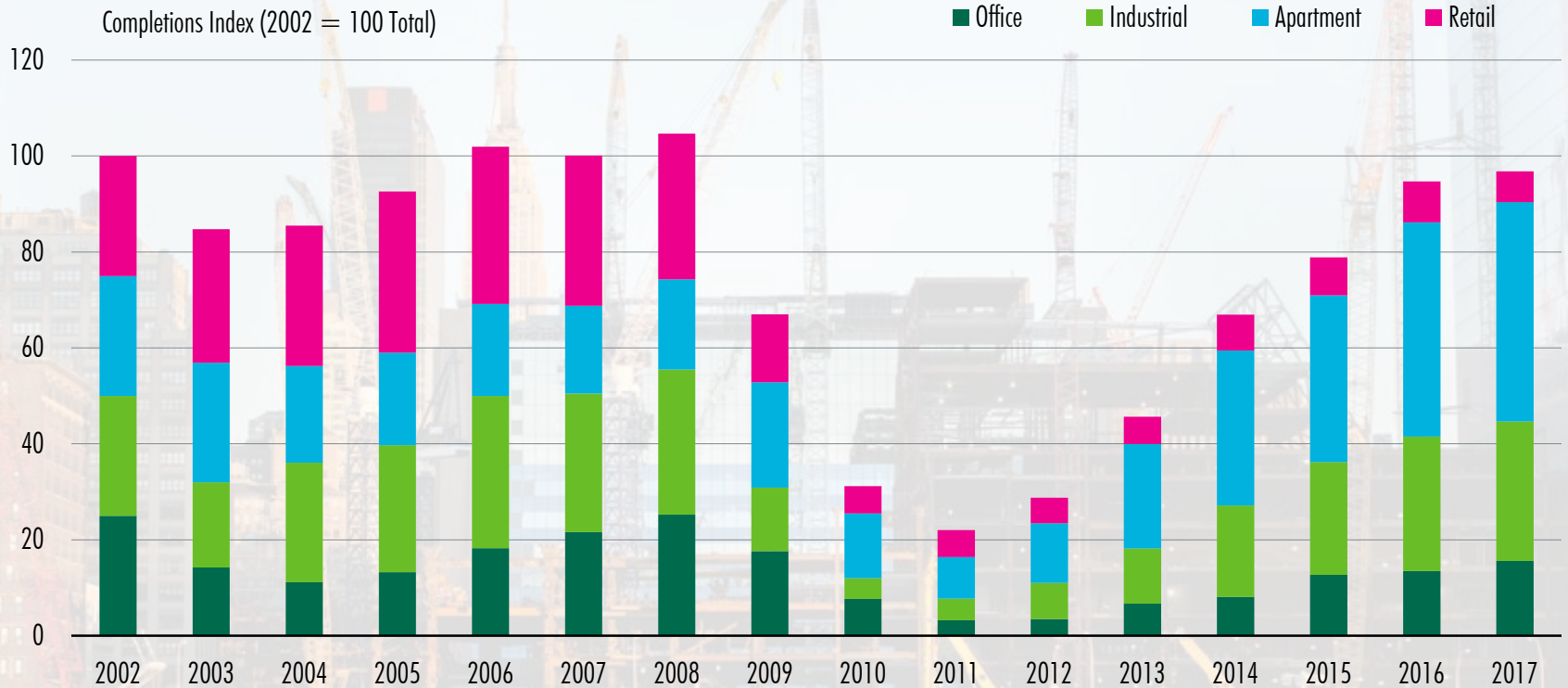
DUE TO SHIFT AWAY FROM OWNER OCCUPATION



REAL ESTATE LOOKS IN GOOD SHAPE BUT...



NEW SUPPLY IS RAMPING UP



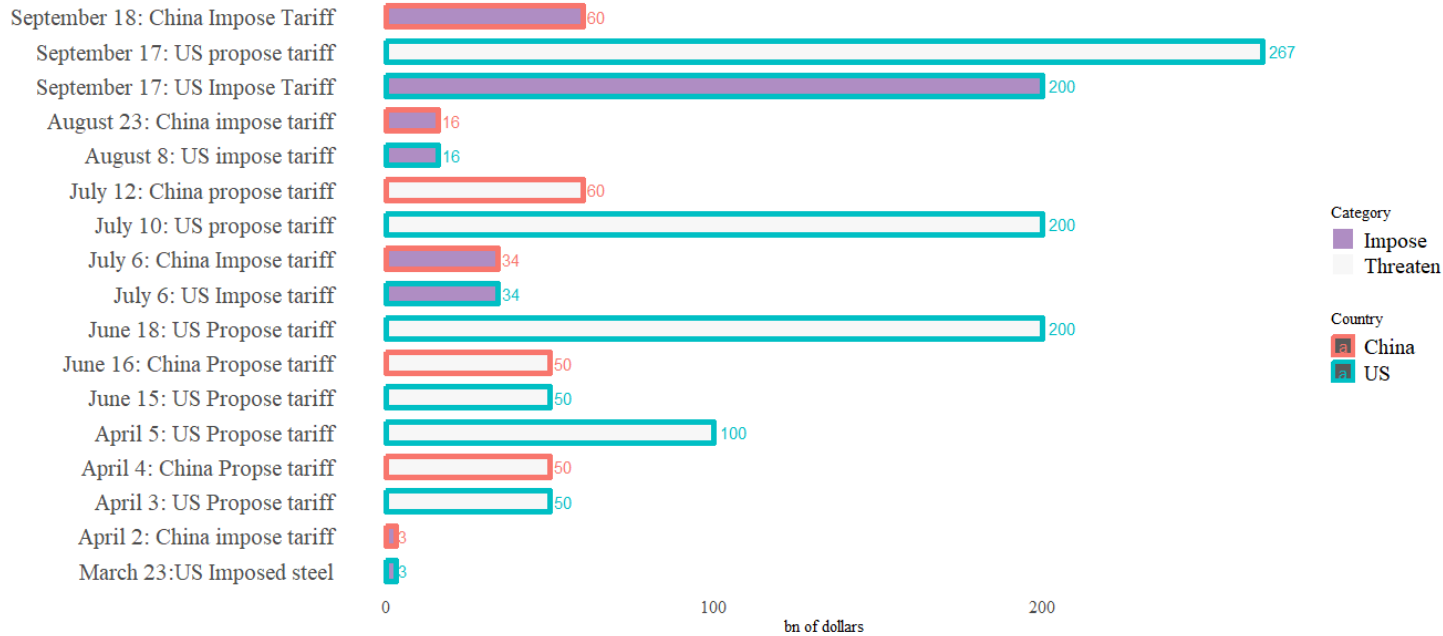
Source: CBRE Econometric Advisors, February 2018.



WHAT COULD GO WRONG?

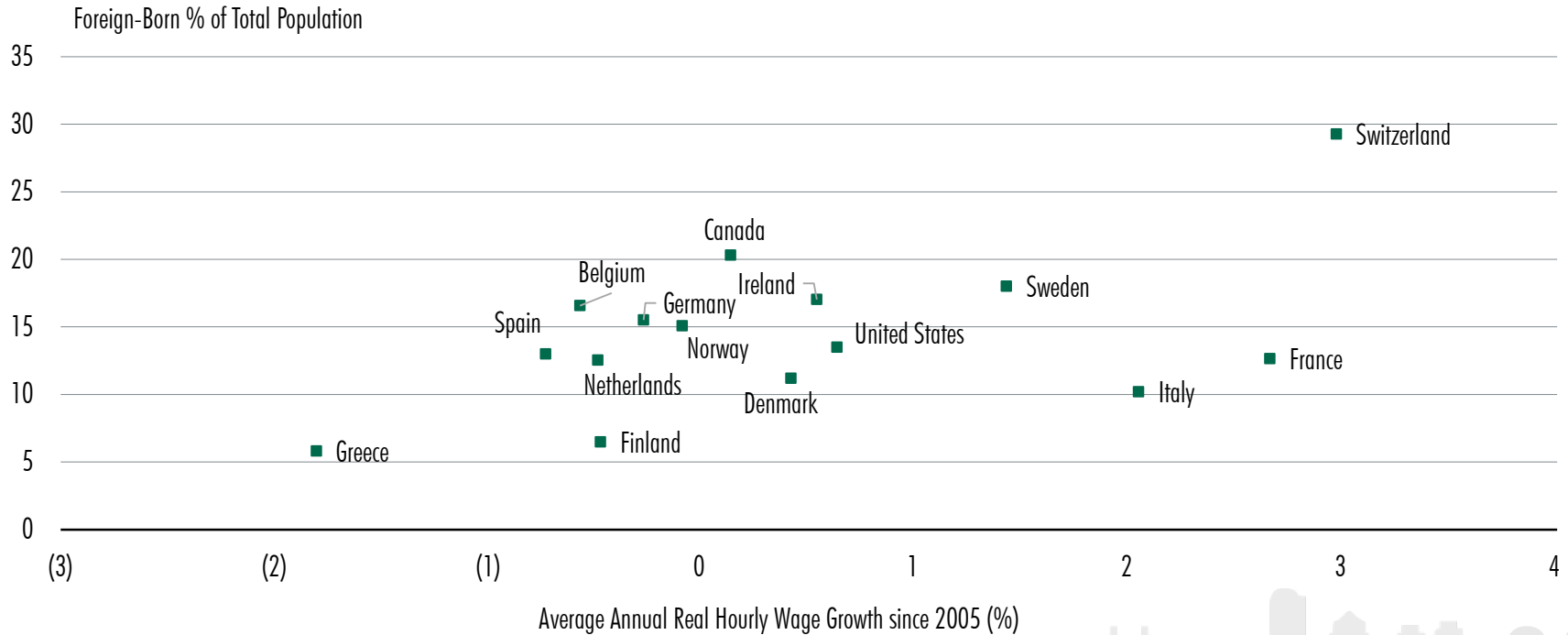
WHAT COULD POSSIBLY GO WRONG?

Trade War Timeline (amounts in billions of dollars)



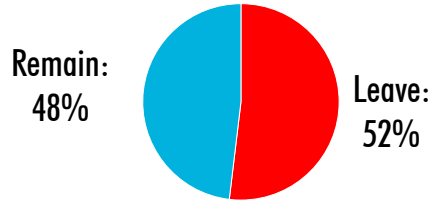
Source: WSJ, BBC, and CBRE EA, Q2 2018.

FOREIGN-BORN AND REAL WAGE GROWTH—A TOXIC MIX

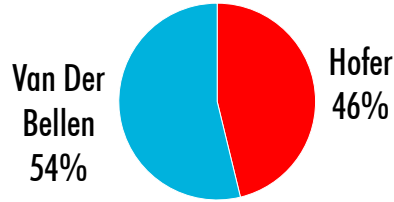


Source: Oxford Economics, OECD and CBRE EA, Q2 2018.

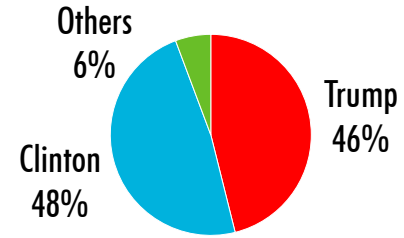
POPULISM ON THE RISE



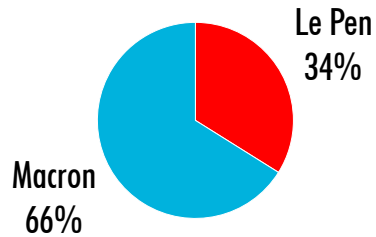
United Kingdom: EU Membership Referendum



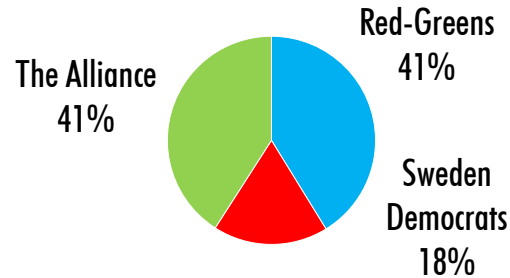
Austria: Presidential Election



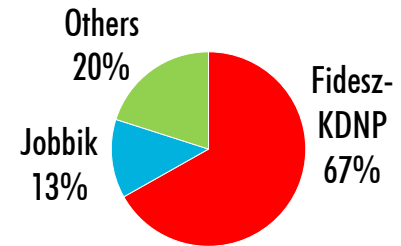
United State: Presidential Election



France: Presidential Election



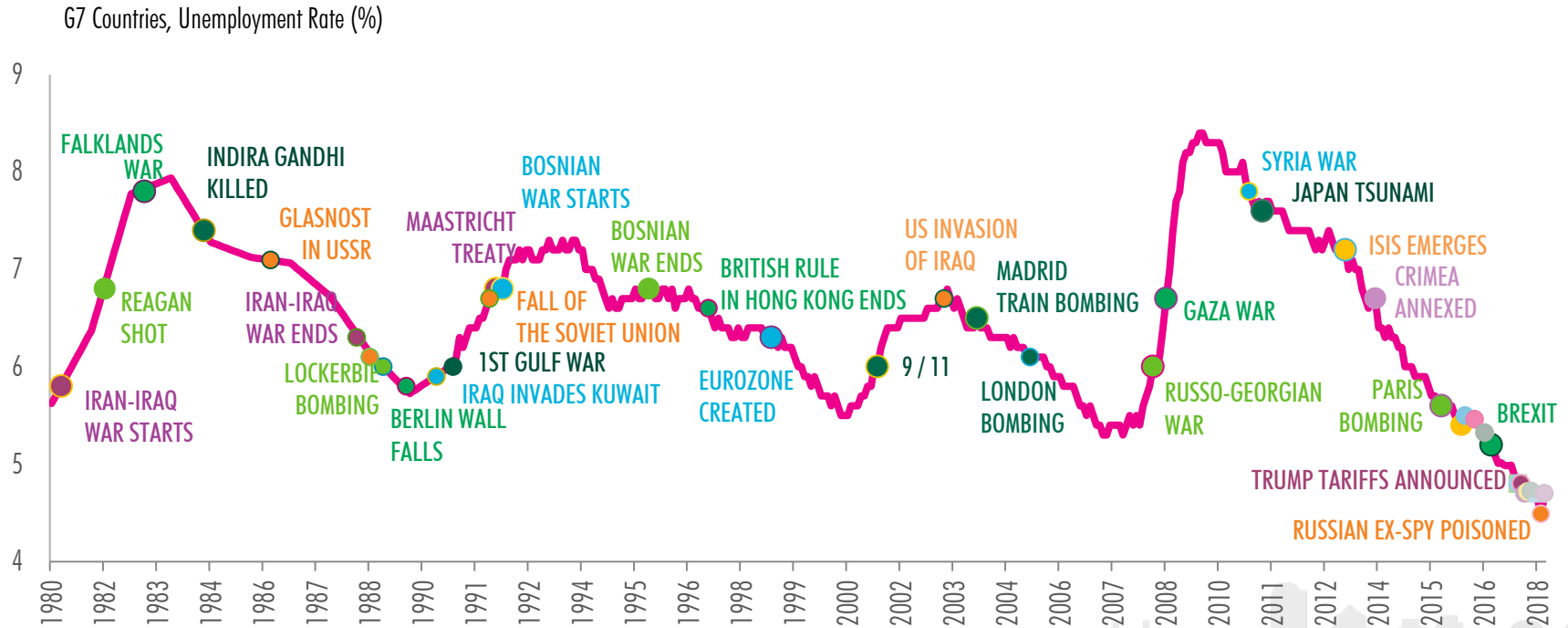
Sweden: General Election



Hungary: Parliamentary Election

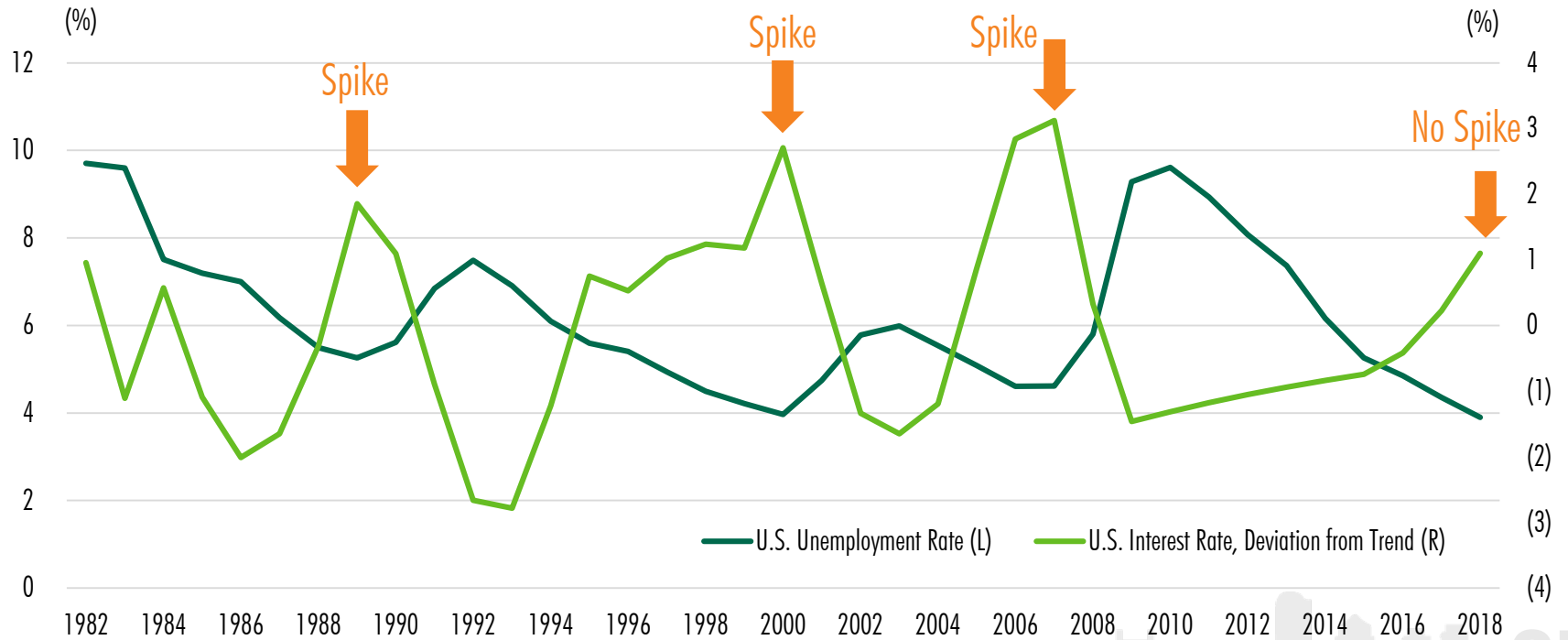
Source: Wikipedia, BBC, Financial Times and CBRE EA, Q2 2018.

IT PROBABLY WON'T BE GEOPOLITICS



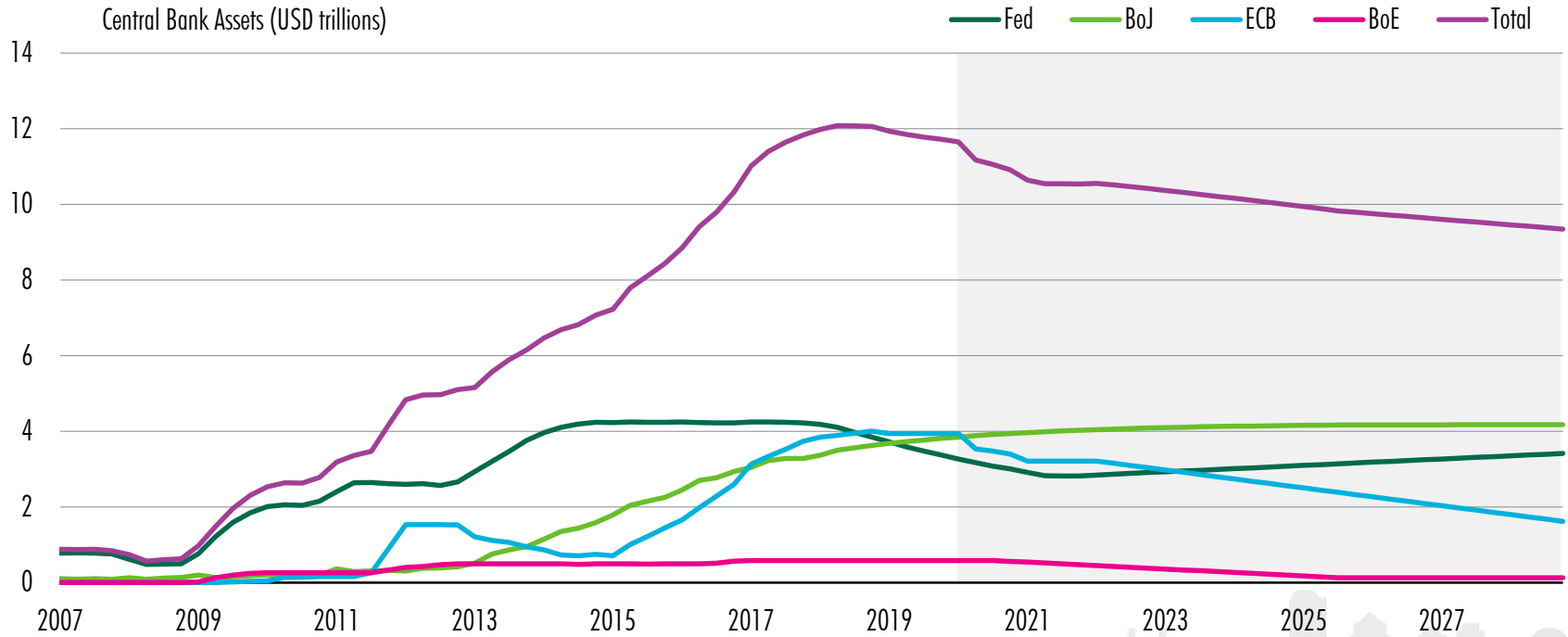
Source: OECD, Stratfor and CBRE Research, August 2018.

IT IS RELATIVE INTEREST RATES THAT MATTER



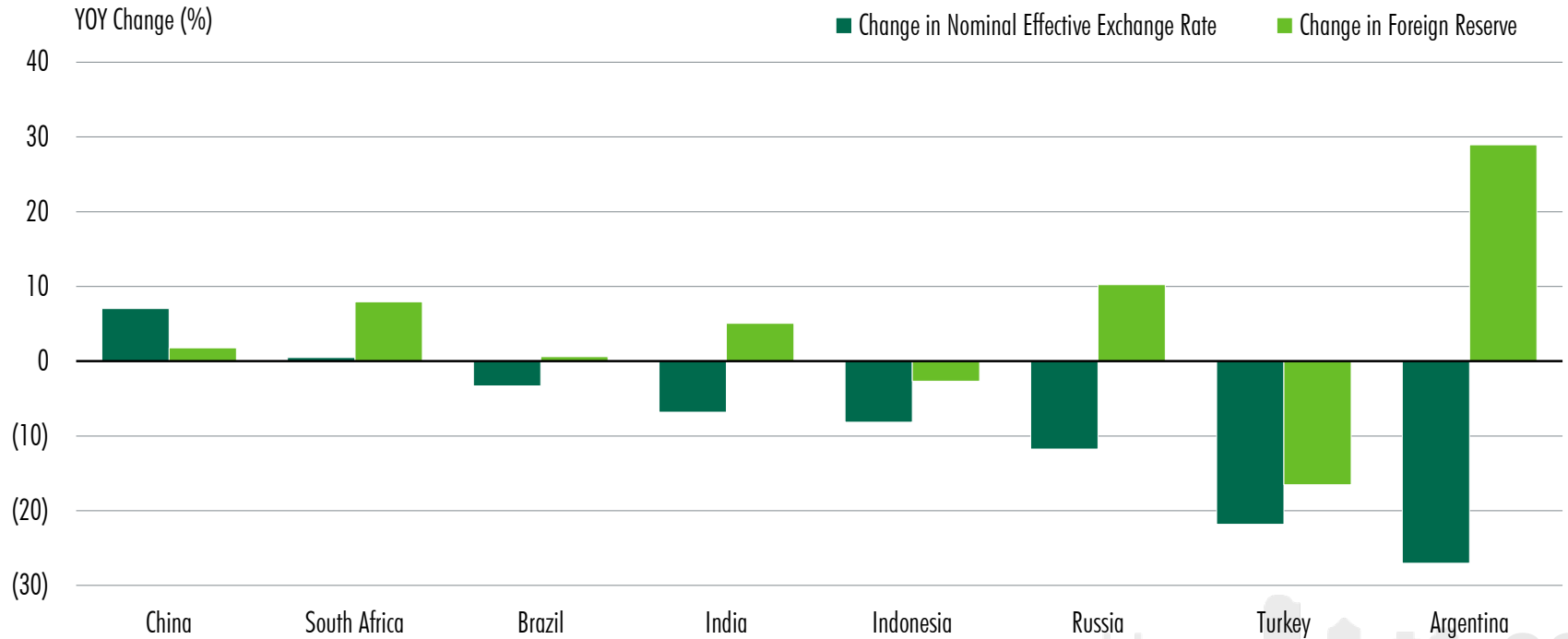
Source: Macrobond, Federal Reserve Bank of St. Louis and CBRE EA, Q2 2018.

WITH QUANTITATIVE TIGHTENING ALSO A FACTOR



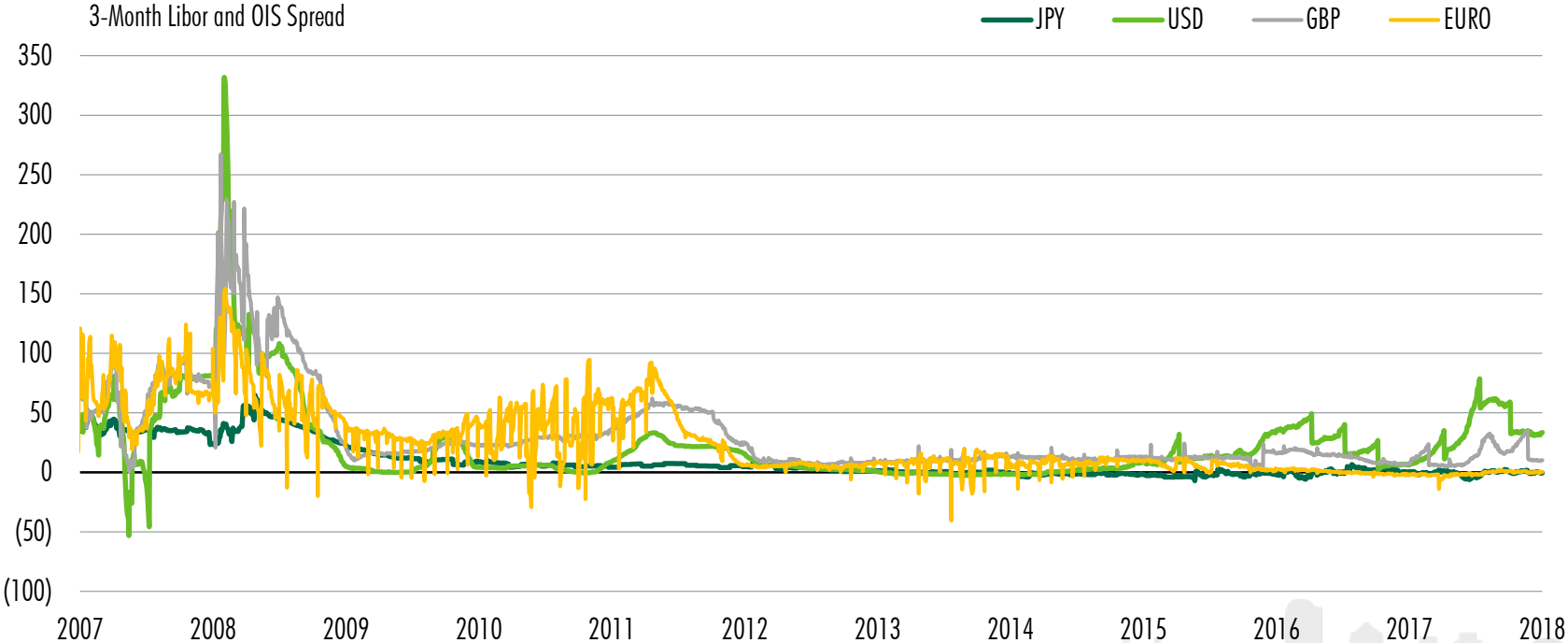
Source: Oxford Economics and CBRE EA, Q2 2018.

RISING RATES ARE ALREADY HITTING EMERGING MARKETS



Source: Oxford Economics and CBRE EA, Q2 2018.

SOME EVIDENCE OF AN OFFSHORE DOLLAR SHORTAGE



Source: Federal Reserve Bank of St. Louis, Macrobond and CBRE EA, Q2 2018.

CONCLUSIONS

- This economic cycle has legs, and could be the longest ever....
-as globalization continues to suppress inflation;
- We could be at a turning point for globalization...
-but that will play out over the next 10 years;
- For now, rising interest rates will bring this cycle to an end...
- ...but not for about two years;
- For now, positive economics and innovation...
-Trump late-cycle property markets.

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THANK YOU

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