

The image features a dark background with a complex network of glowing green lines and nodes, resembling a data visualization or a neural network. The lines connect various points, creating a web-like structure. In the top left corner, the CBRE logo is displayed in white, bold, uppercase letters.

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Forecasting in an extended cycle: What's different this time?

CBRE ECONOMETRIC ADVISORS CLIENT FORUM

NEIL BLAKE, PHD | EMEA CHIEF ECONOMIST, GLOBAL HEAD OF FORECASTING

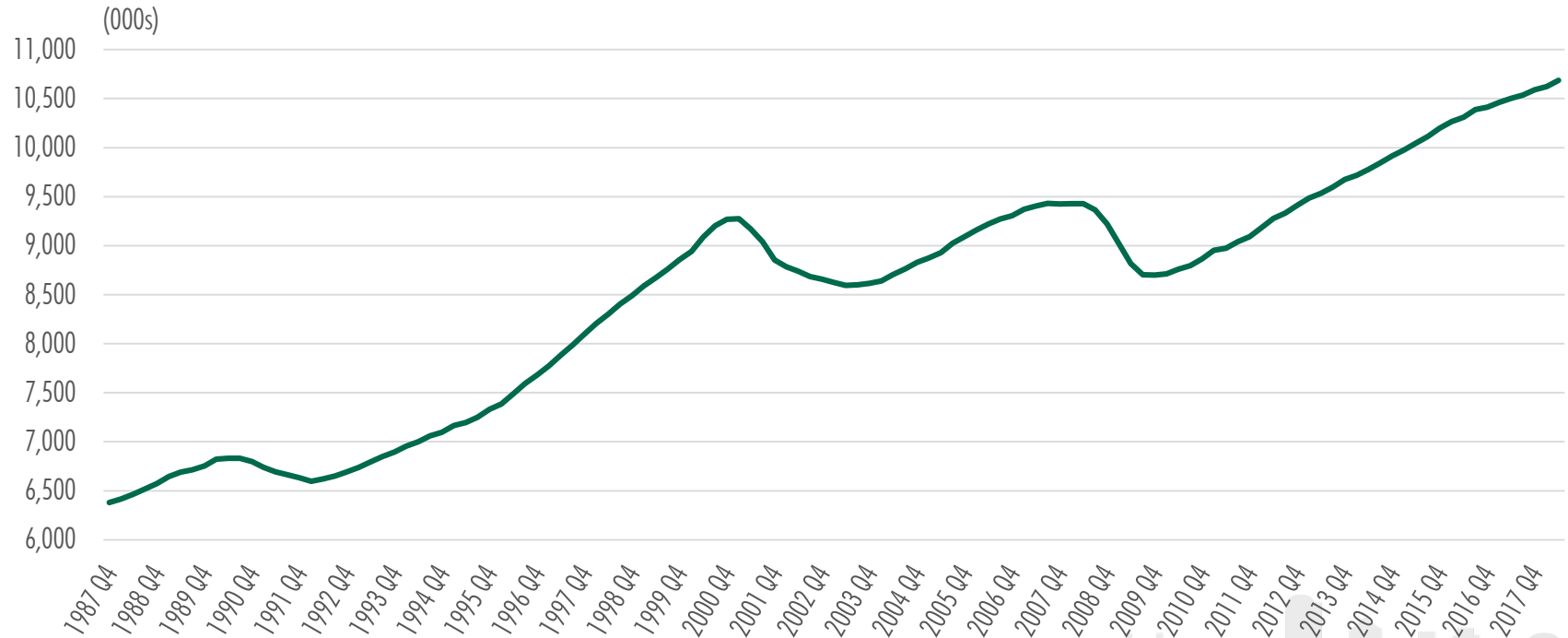
OVERVIEW

“In the 10 years since 2008, most economies have fully recovered, and some are roaring ahead. This is also true for many city economies. Meanwhile, the real estate sector within these economies has done okay, but its recovery has been quite tame. Unlike in other economic recoveries, there have been building booms and rent/price spikes in only a few select markets and property types.”

WHY IS IT DIFFERENT THIS TIME?

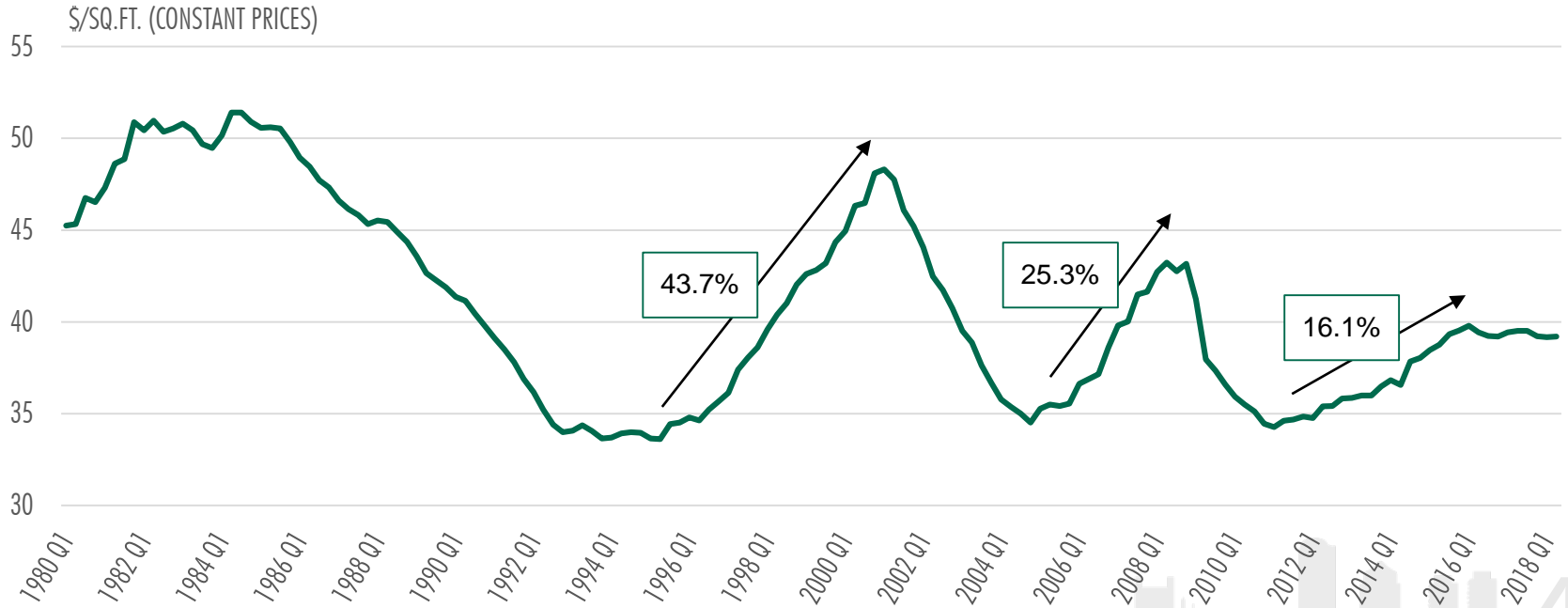
IS IT DIFFERENT THIS TIME?

OFFICE-USING EMPLOYMENT (TOP 16 U.S. CITIES)



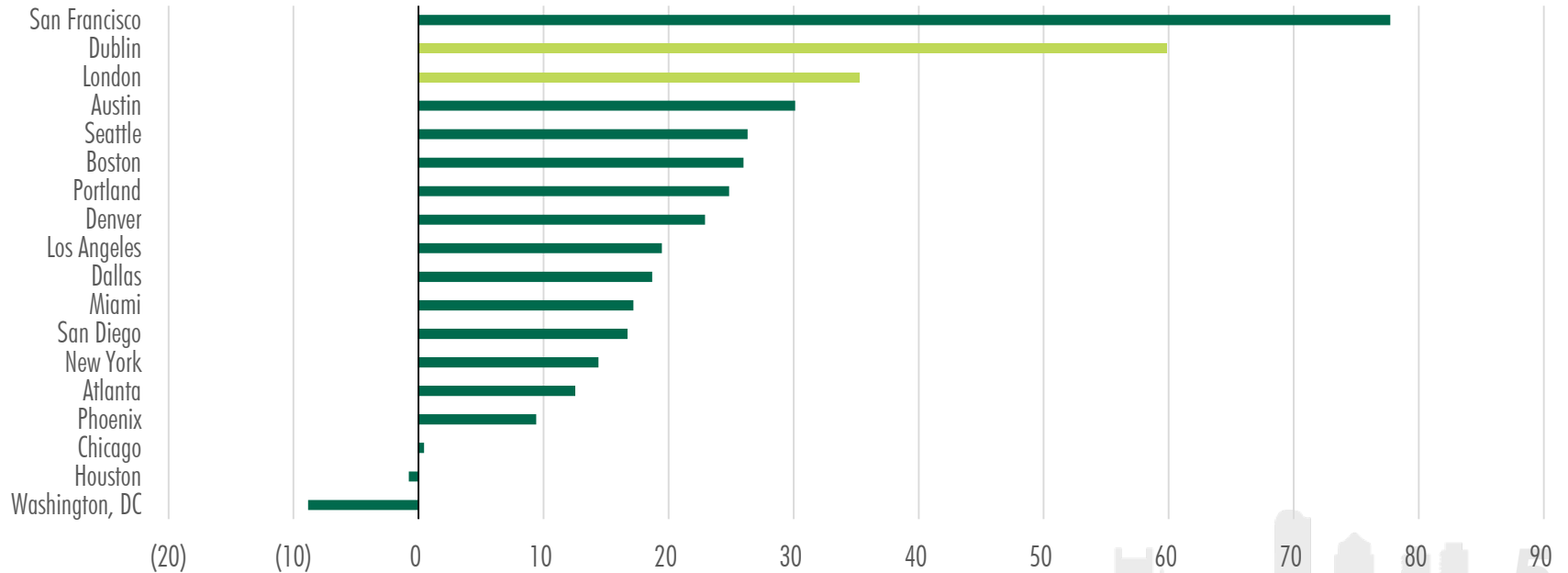
...BUT IT'S STILL NOT BEEN MUCH OF AN UPSWING FOR OFFICE RENTS

REAL OFFICE RENT, TOP 16 U.S. CITIES



THOUGH THE CYCLE HAS VARIED BY CITY

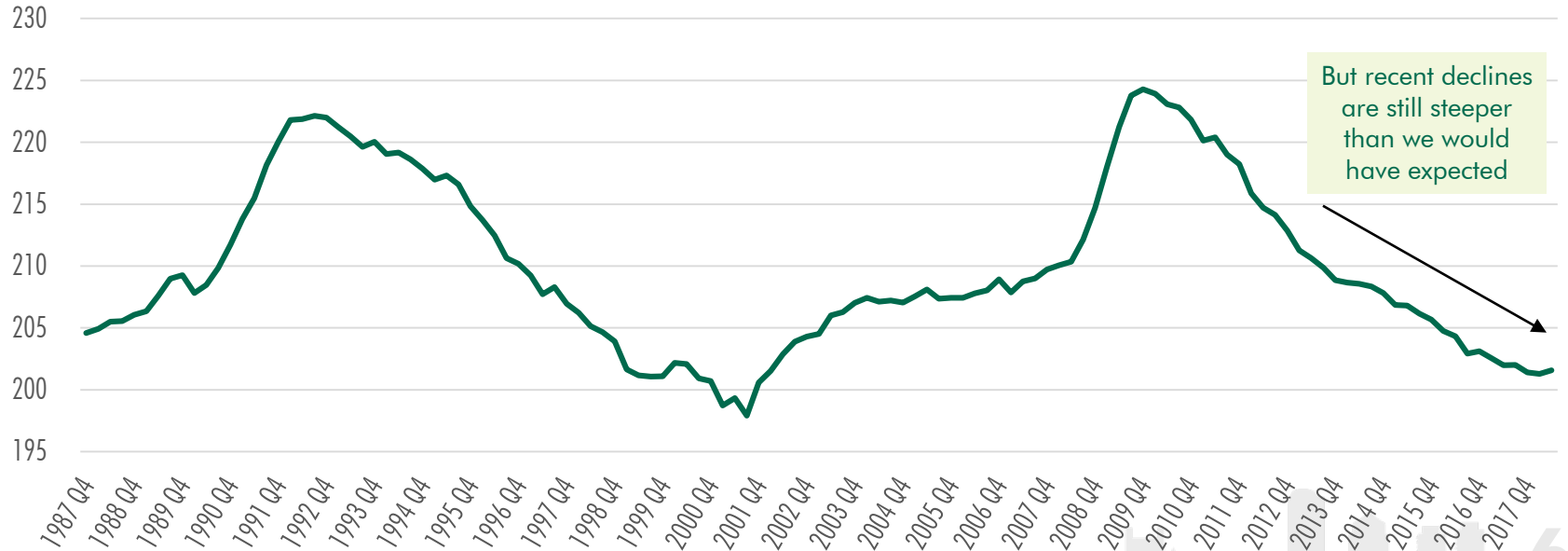
PERCENTAGE CHANGE IN REAL RENTS, Q2 2011 – Q2 2018



Source: CBRE Econometric Advisors, MSCI.

THE RELATIONSHIP BETWEEN OFFICE OCCUPANCY AND EMPLOYMENT LOOKS MORE CYCLICAL THAN TRENDED

OCCUPIED STOCK/OFFICE-USING EMPLOYMENT: TOP 16 U.S. CITIES



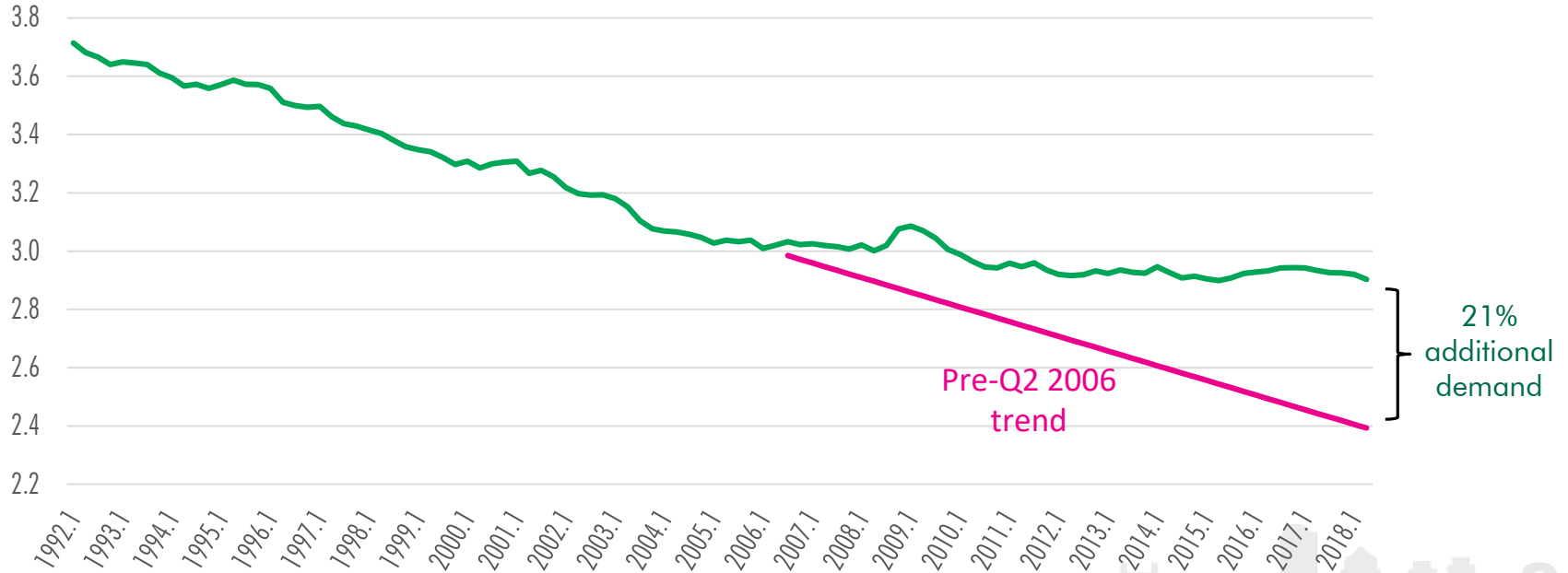
LESS SURPRISING FOR RETAIL

OCCUPIED STOCK (T16) / RETAIL SALES (NATIONAL)



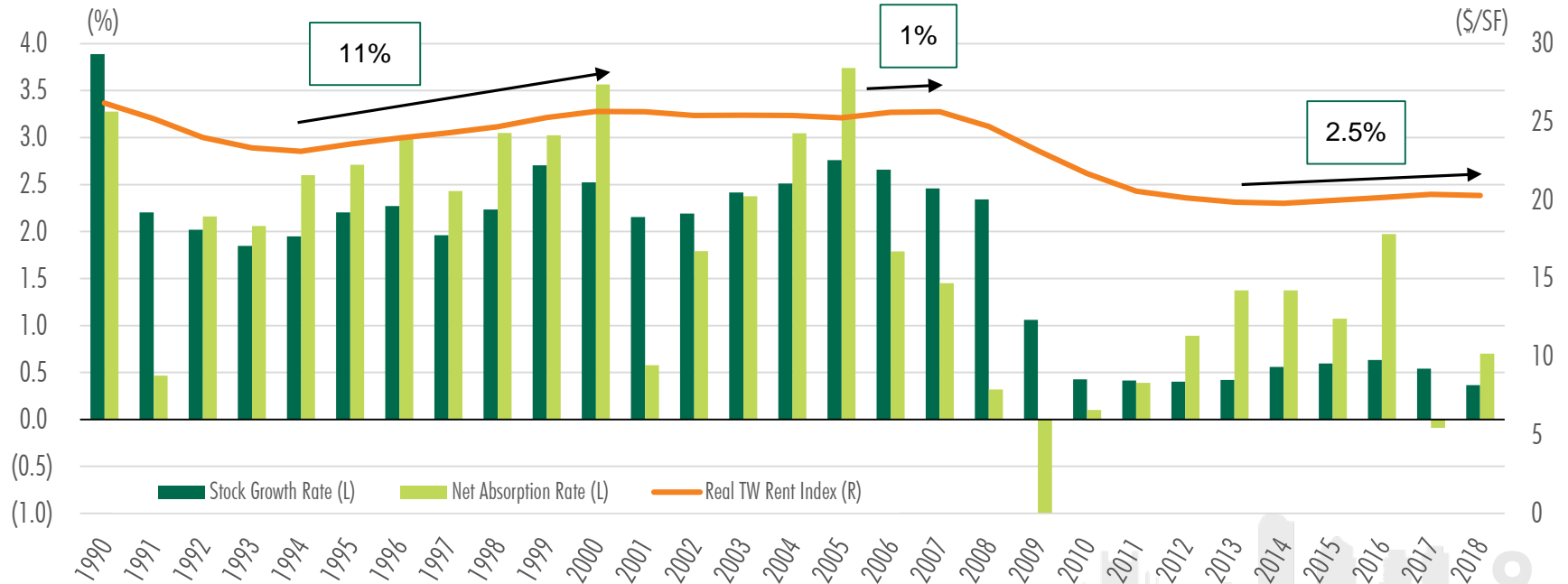
A CHANGE IN TREND FOR INDUSTRIAL

OCCUPIED SPACE TO GDP RATIO



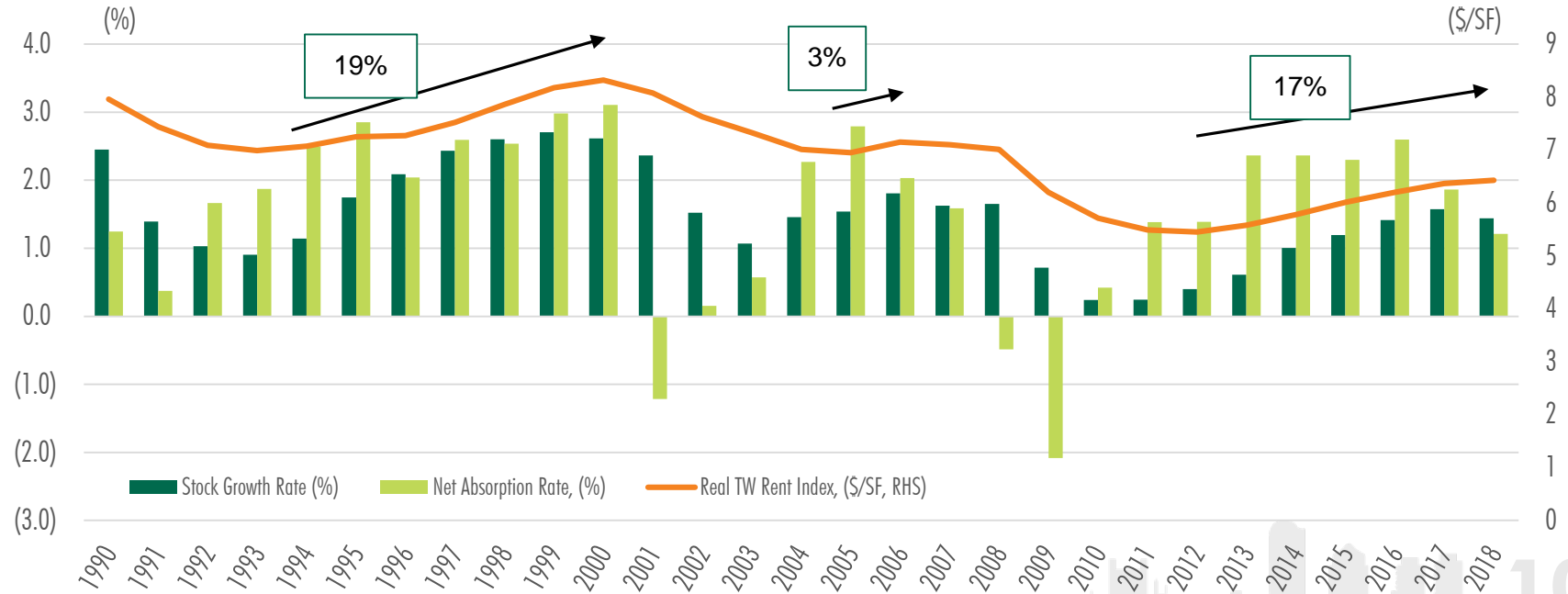
U.S. RETAIL

U.S. RETAIL SUM OF MARKETS



U.S. INDUSTRIAL

U.S. INDUSTRIAL SUM OF MARKETS



RECAP

- Economic upswing comparable to the 1990s
- ...But rental growth (and development) much weaker
- For office, some evidence of a change in the economy-demand relationship
- For retail and industrial (and apartment), massive evidence of a change in the economy-demand relationship





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THANK YOU

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