

Balancing social narratives and economic realities

National Economic and Commercial Real Estate Overview

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The past four years A Period of Extremes



**HIT TO
OUTPUT**



**INJECTION
OF POLICY
STIMULUS**



**SHIFT IN
CONSUMER
SPENDING**



**INCREASE
IN PRICES**

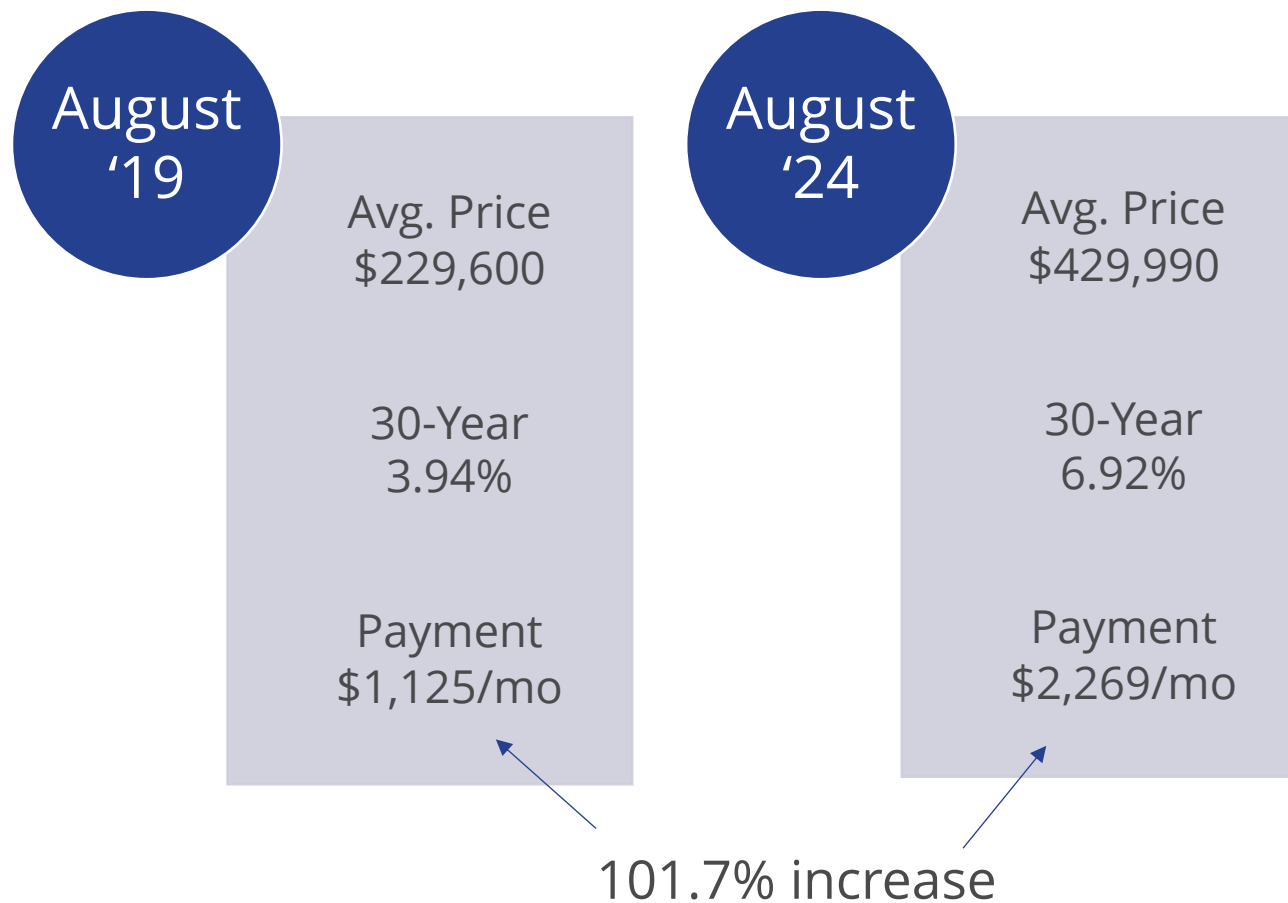


**TIGHTENING
OF MONETARY
POLICY**

First time buyers getting priced out

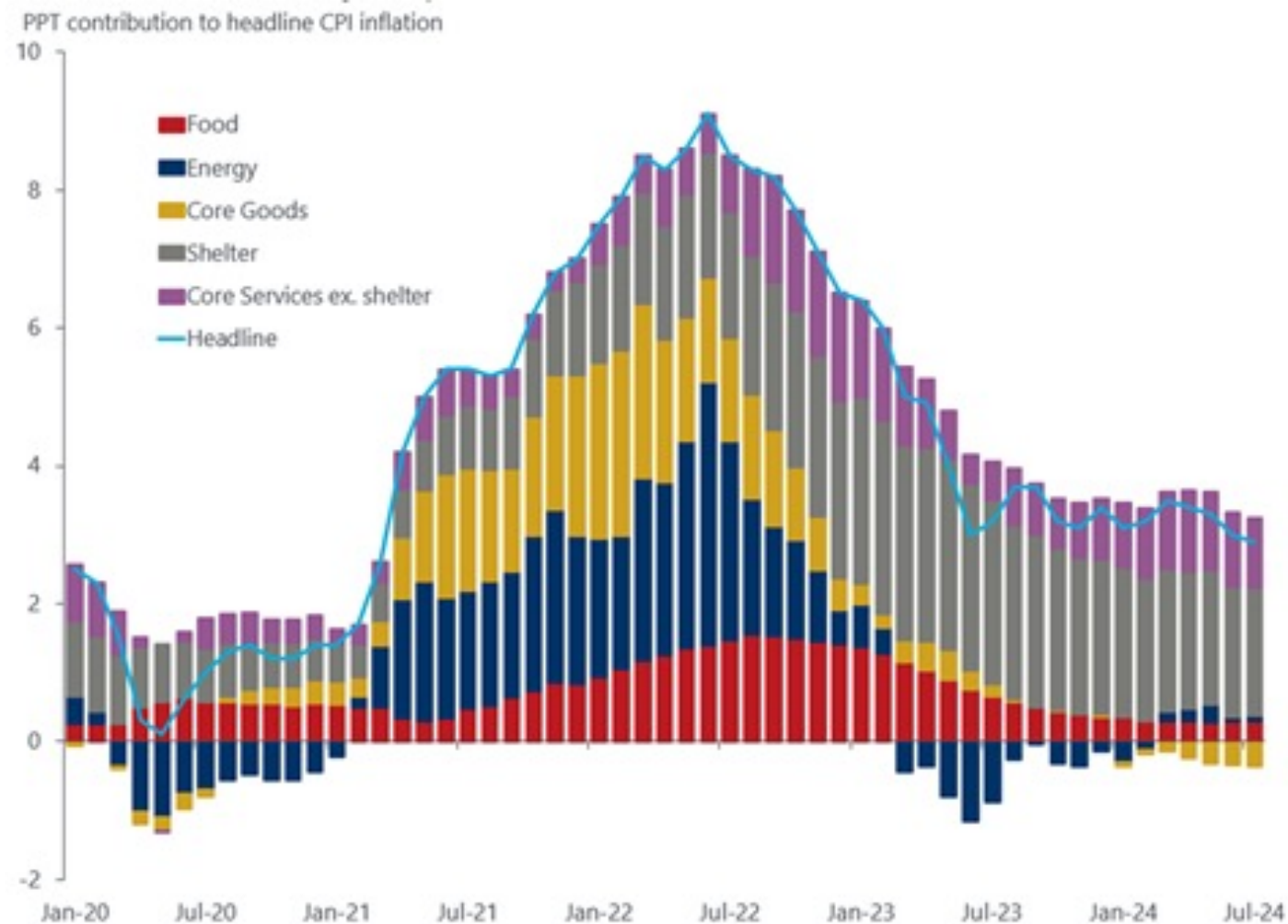


Median home price loan payment with 20% down

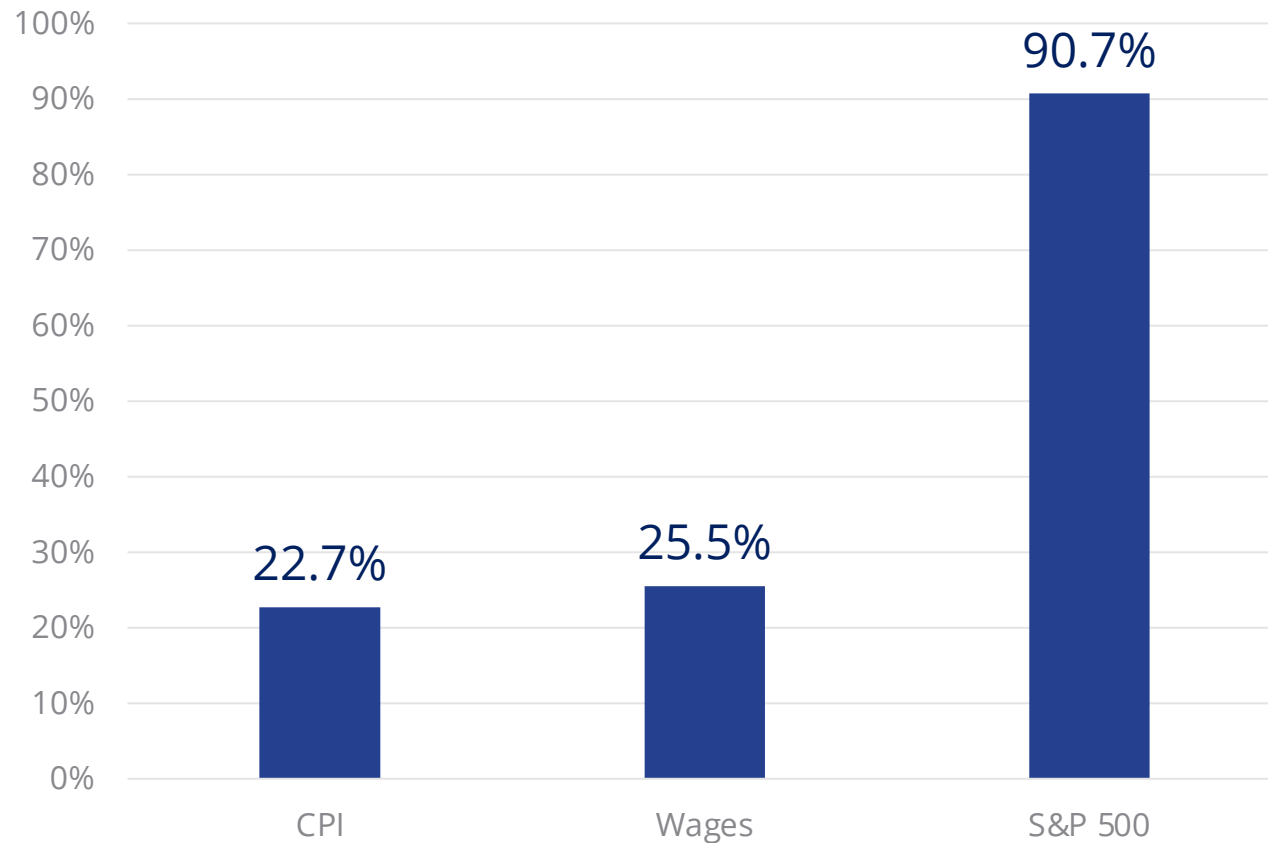


CPI Contribution by Category

Rental inflation responsible for excess inflation



2019-2024 Eggs aren't the only thing rising



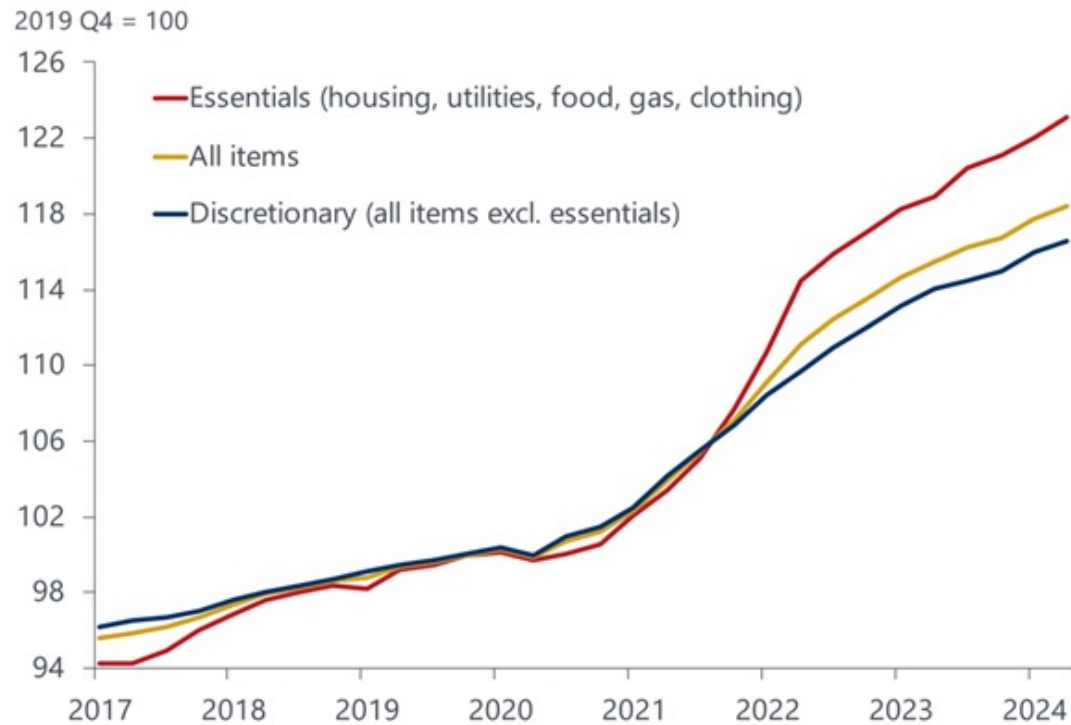
Source: Federal Reserve of St. Louis



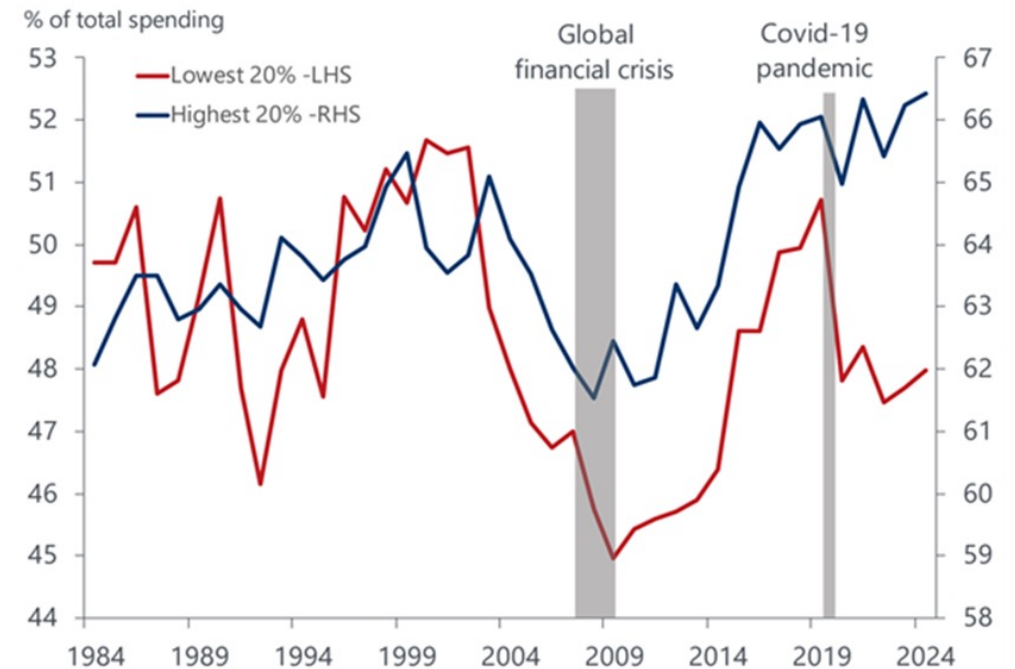
Since 2019,
eggs up **176%**

Rise in housing and food prices impact low-income households disproportionately

PCE Price Index



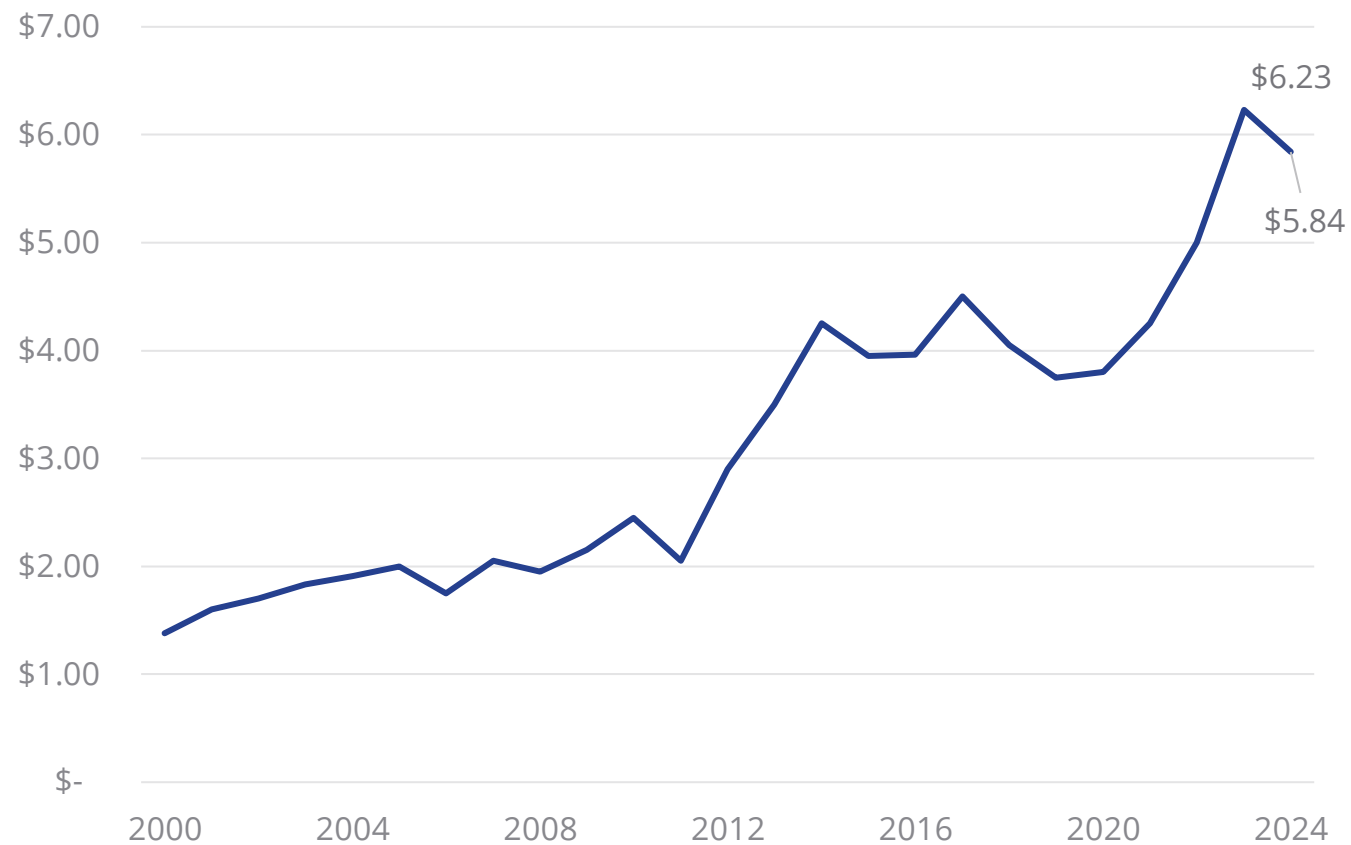
Share of Spending on Discretionary Items by Income





Delta Dental Tooth Fairy Index

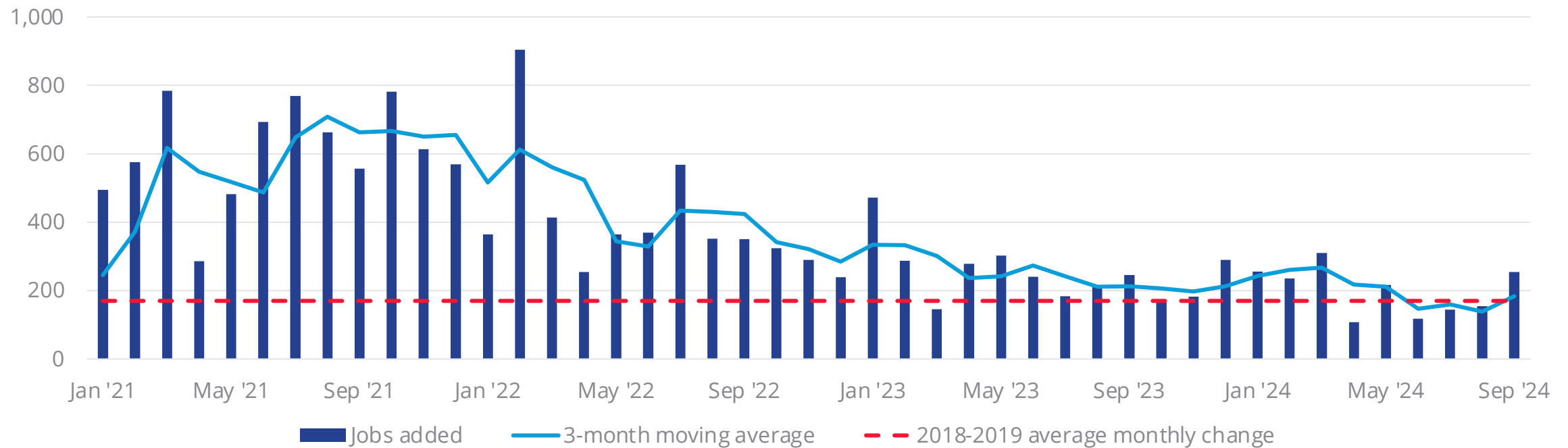
Inflation is on the run



Source: Delta Dental Original Tooth Fairy Poll

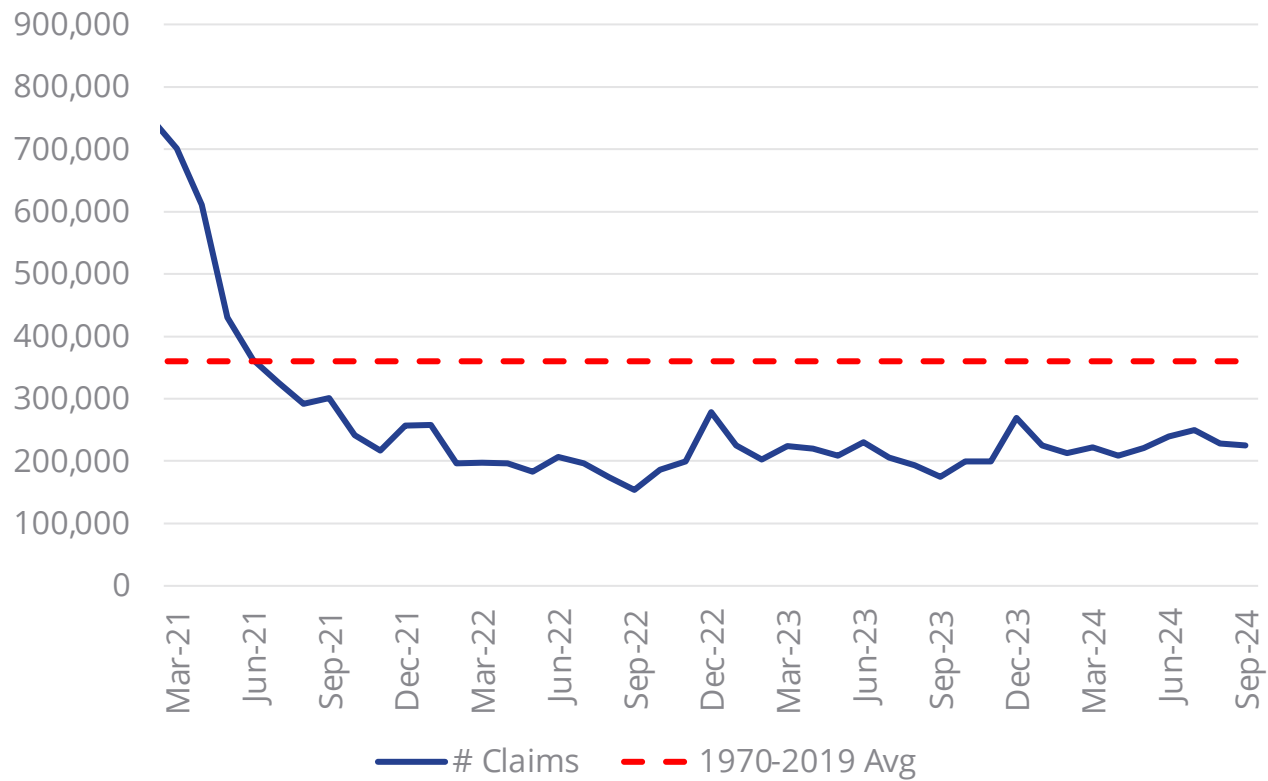
Red hot September jobs report eases recession concerns

Monthly Employment Change (000s)



Initial unemployment claims

Employers hesitant to trim workforce



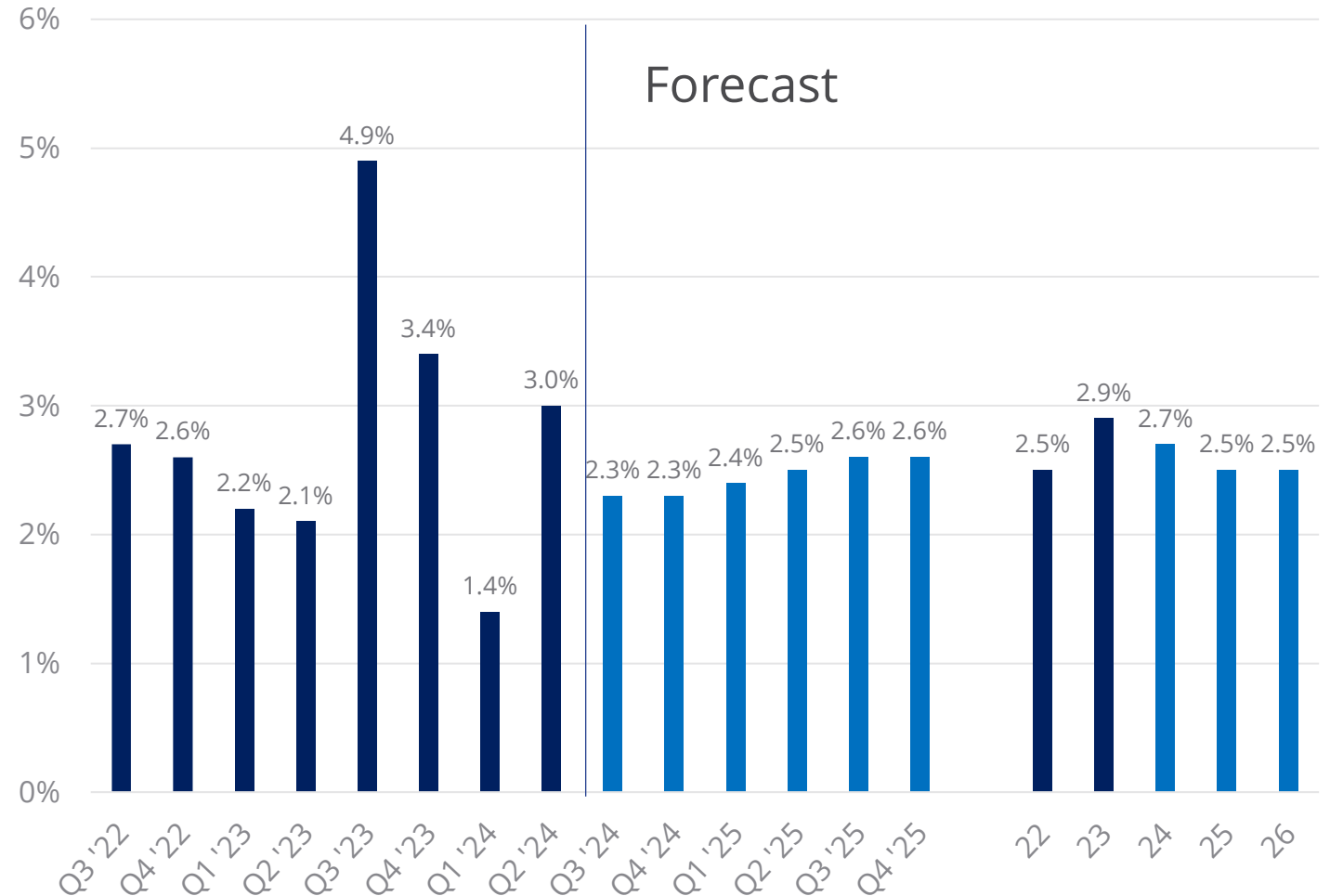
Source: Federal Reserve Bank of St. Louis



Economic outlook remains bright



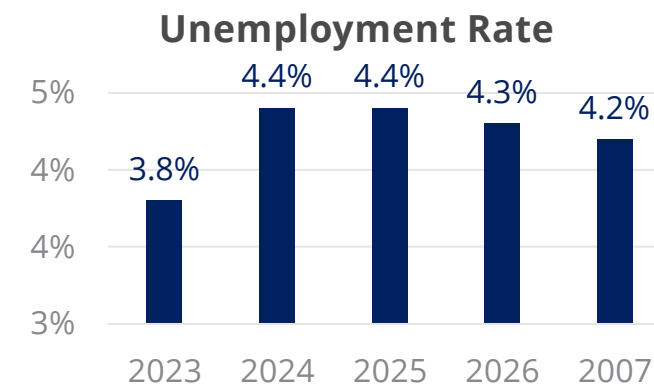
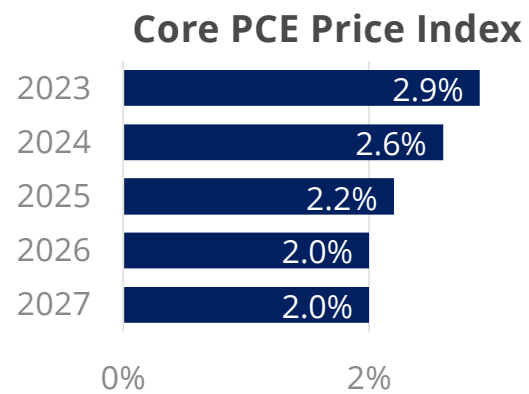
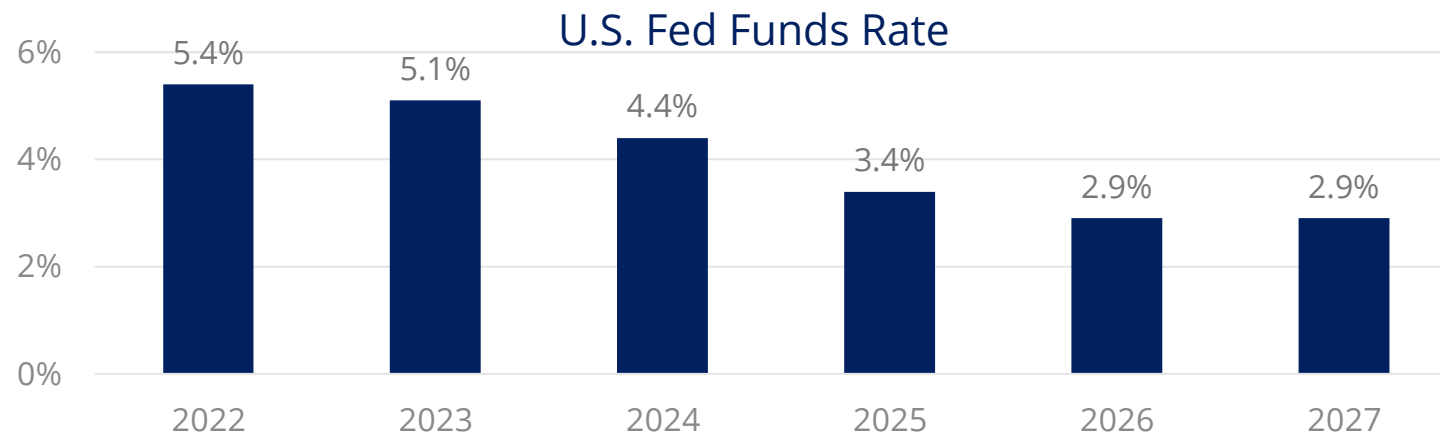
U.S. GDP



Source: Oxford Economics

Federal Reserve Forecasts

September 2024 Meeting



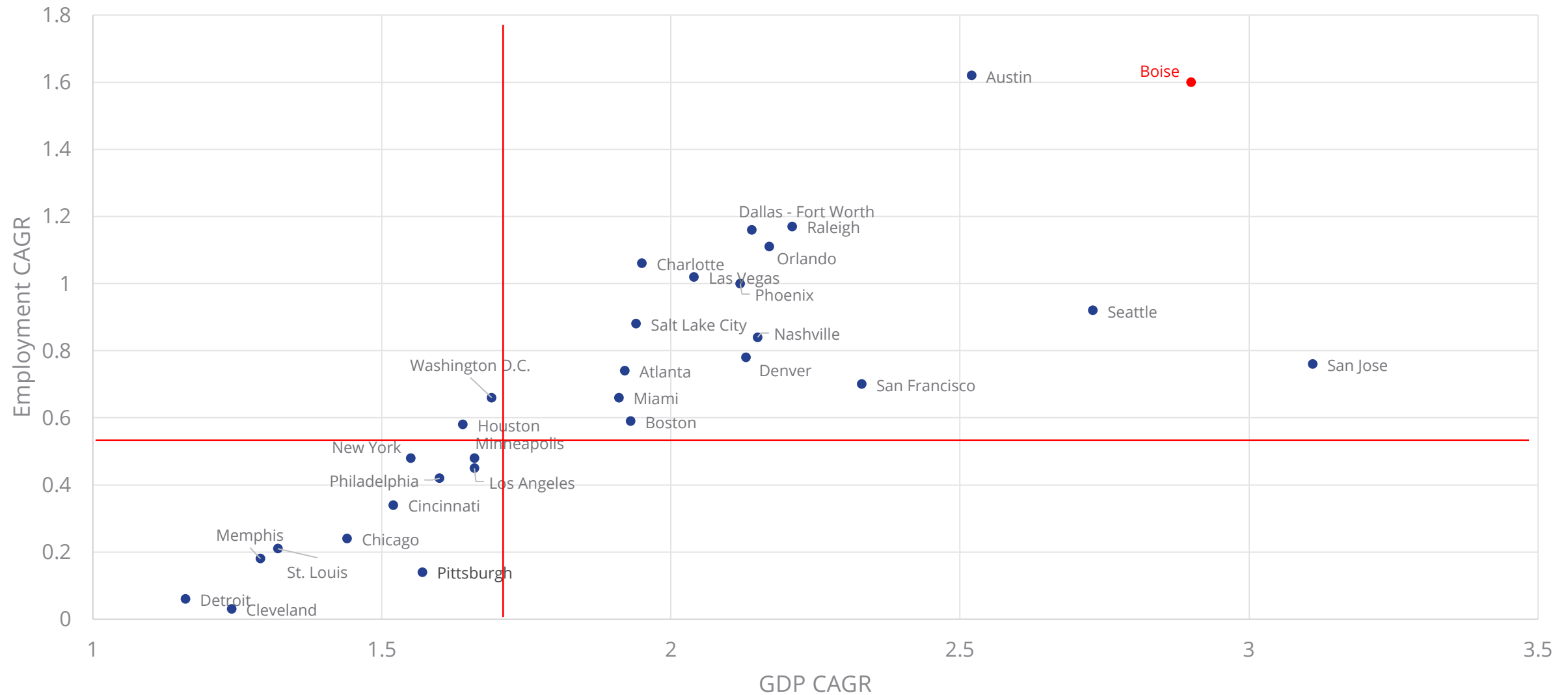
Average Annual Growth and Rank Among 382 Metros

Boise to outpace U.S.



2024	Growth Rate	4.7%	2.9%	2.1%	4.3%	3.5%
	Rank	8	23	7	3	281
2024 - 2028	Growth Rate	2.9%	1.6%	1.7%	3.2%	4.4%
	Rank	8	8	7	7	76

2024-2028 Projected GDP & Employment Growth

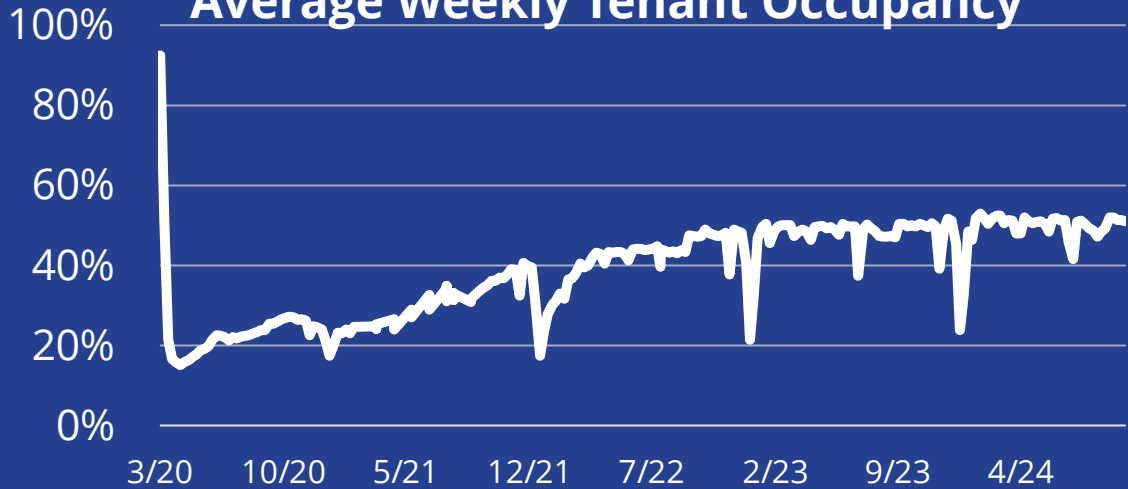


Q3 2024

Office

Kastle Barometer

Average Weekly Tenant Occupancy

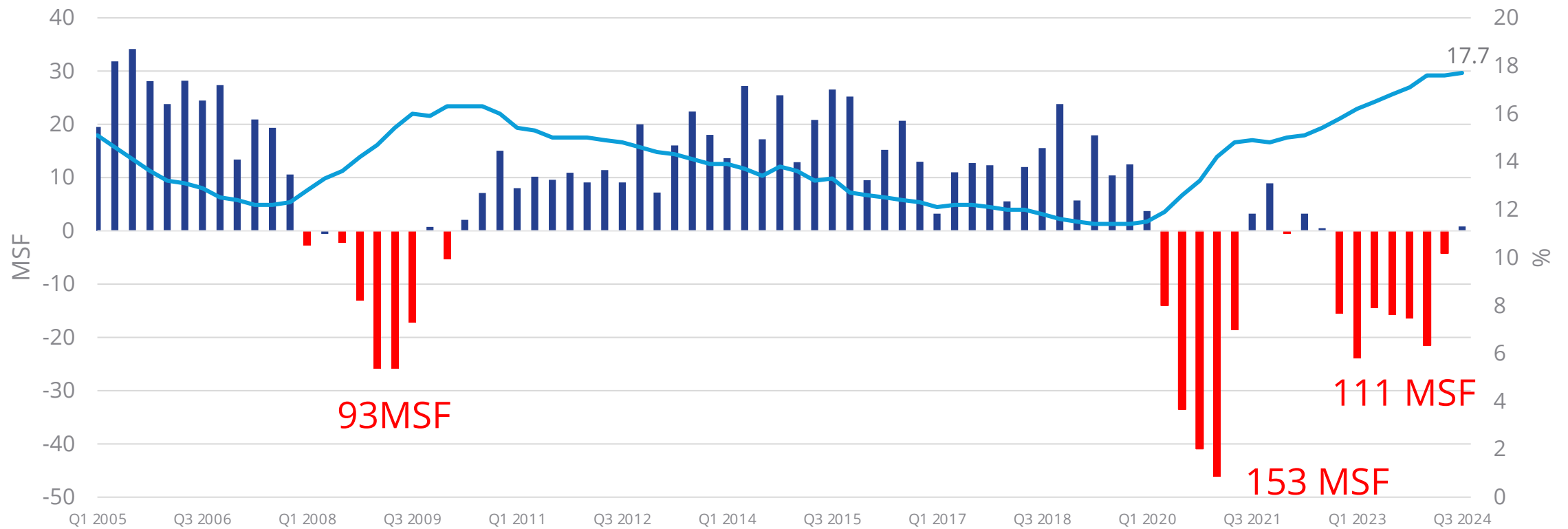


Return to work has stalled

Metro	Average Occupancy	Peak Occupancy
Austin	64.1%	74.6%
Houston	60.7%	60.0%
Dallas	60.4%	69.0%
Chicago	55.2%	68.2%
New York	52.6%	64.7%
Average of 10	51.4%	60.6%
Washington D.C.	48.5%	57.5%
Los Angeles	47.6%	54.1%
Philadelphia	39.4%	49.8%
San Jose	42.7%	51.4%
San Francisco	42.0%	47.0%

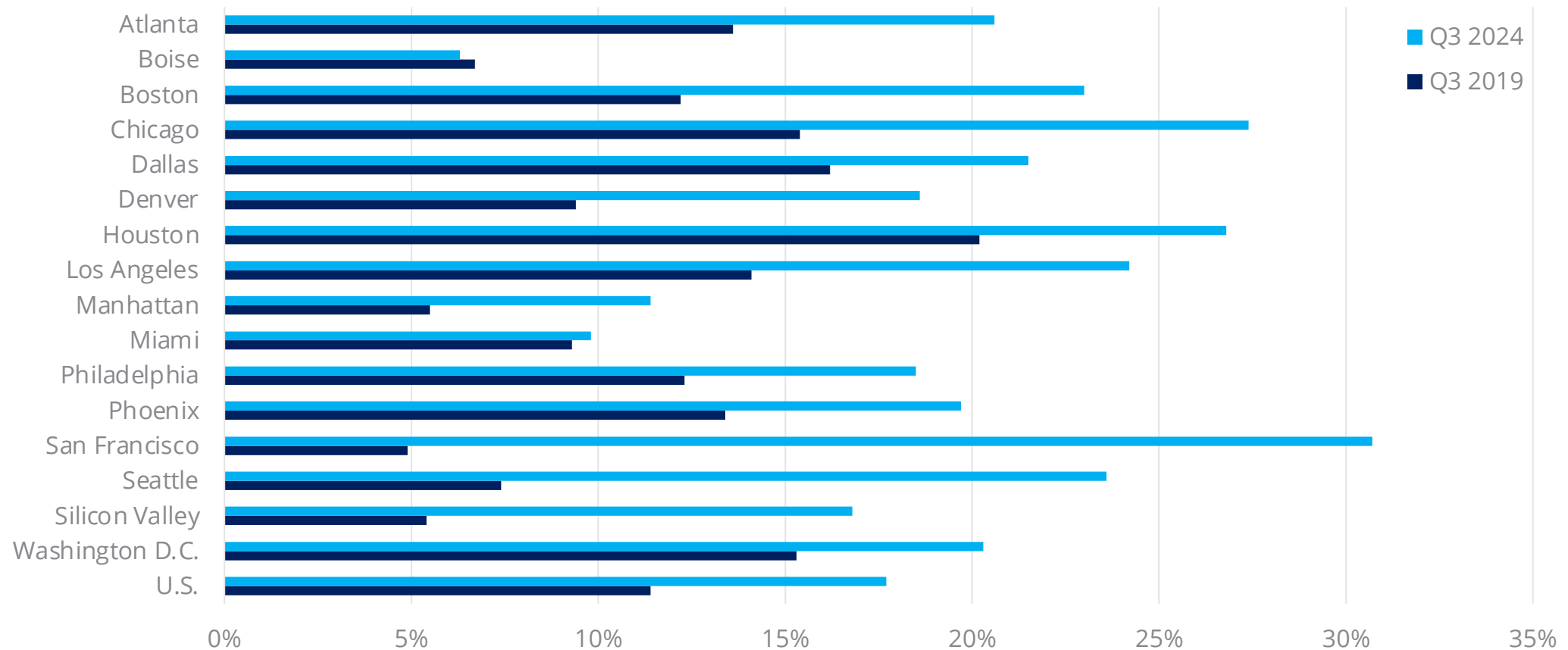
Office Market - Q3 2024

Negative absorption dwarfs GFC

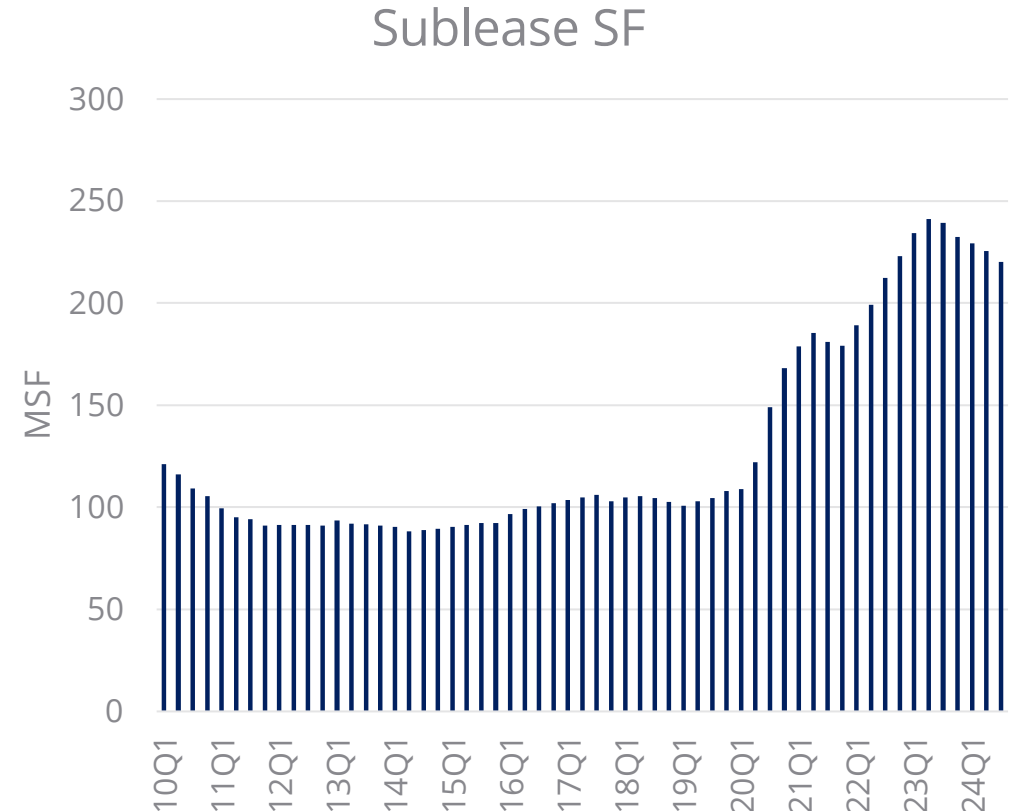
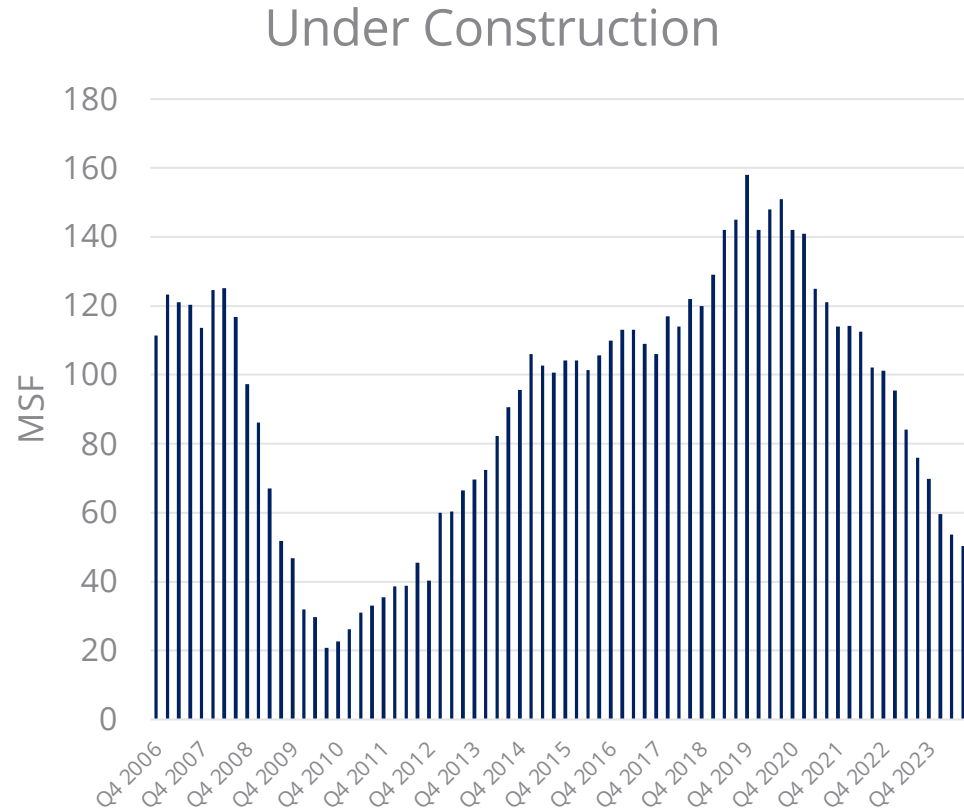


Office Market - Q3 2024

Vacancy Rates: Leading Office Markets

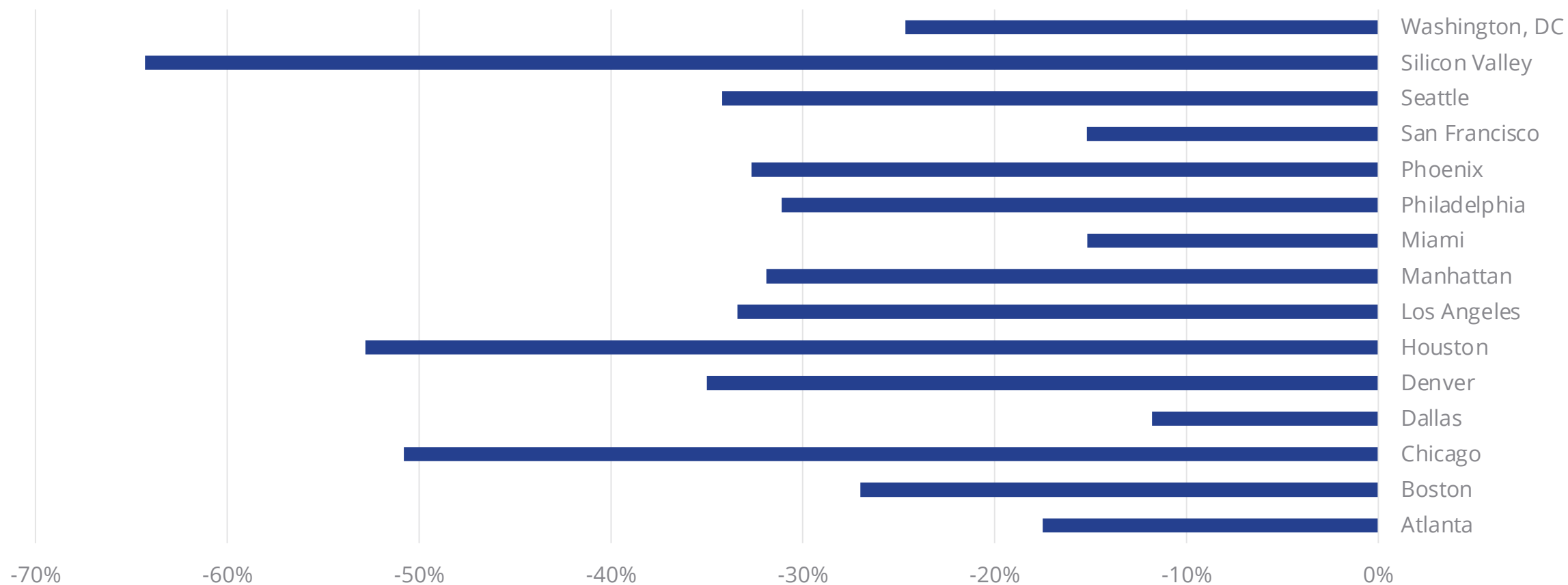


Construction down over 50% from peak, Sublease space retreating from record highs



U.S. Office Market Outlook: Q3 2024

Class A CBD Sublease Asking Rent Discount: Leading Markets



Source: Colliers

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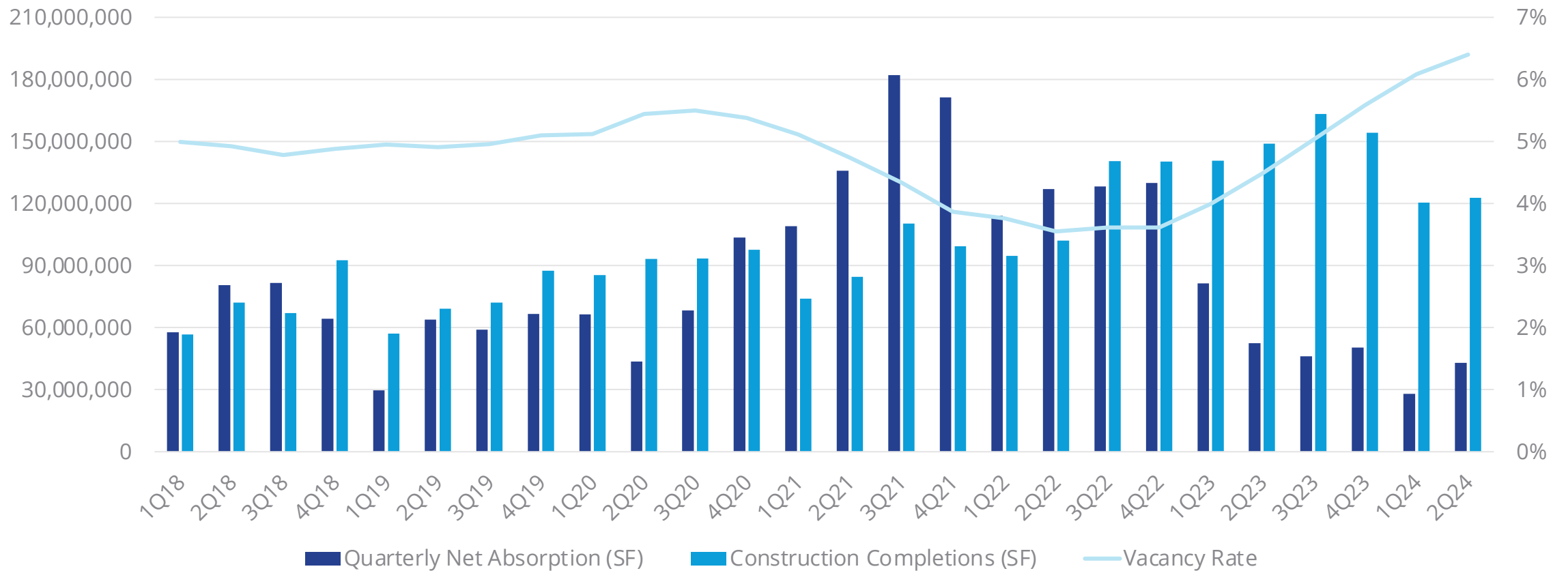
Q3 2024

Industrial



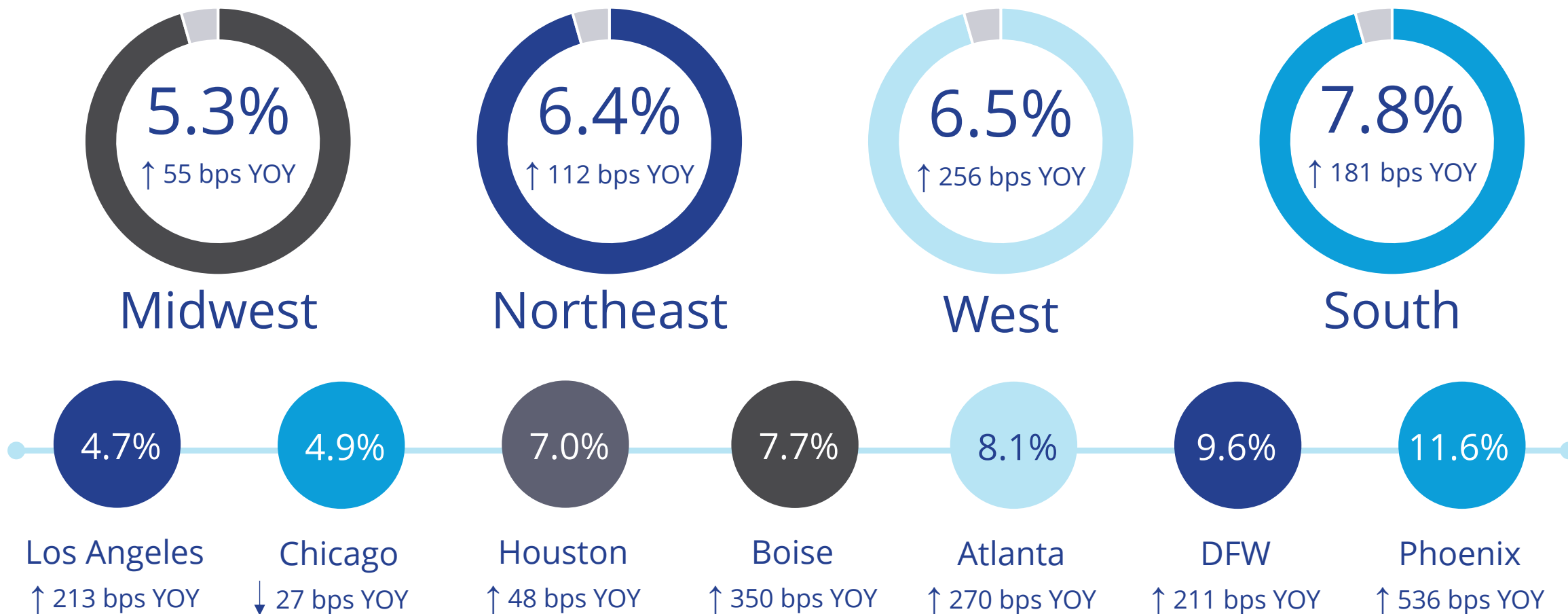
U.S. Industrial Market: 2Q 2024

Vacancy Climbs as Supply Outpaces Demand



U.S. Industrial Market: 3Q 2024

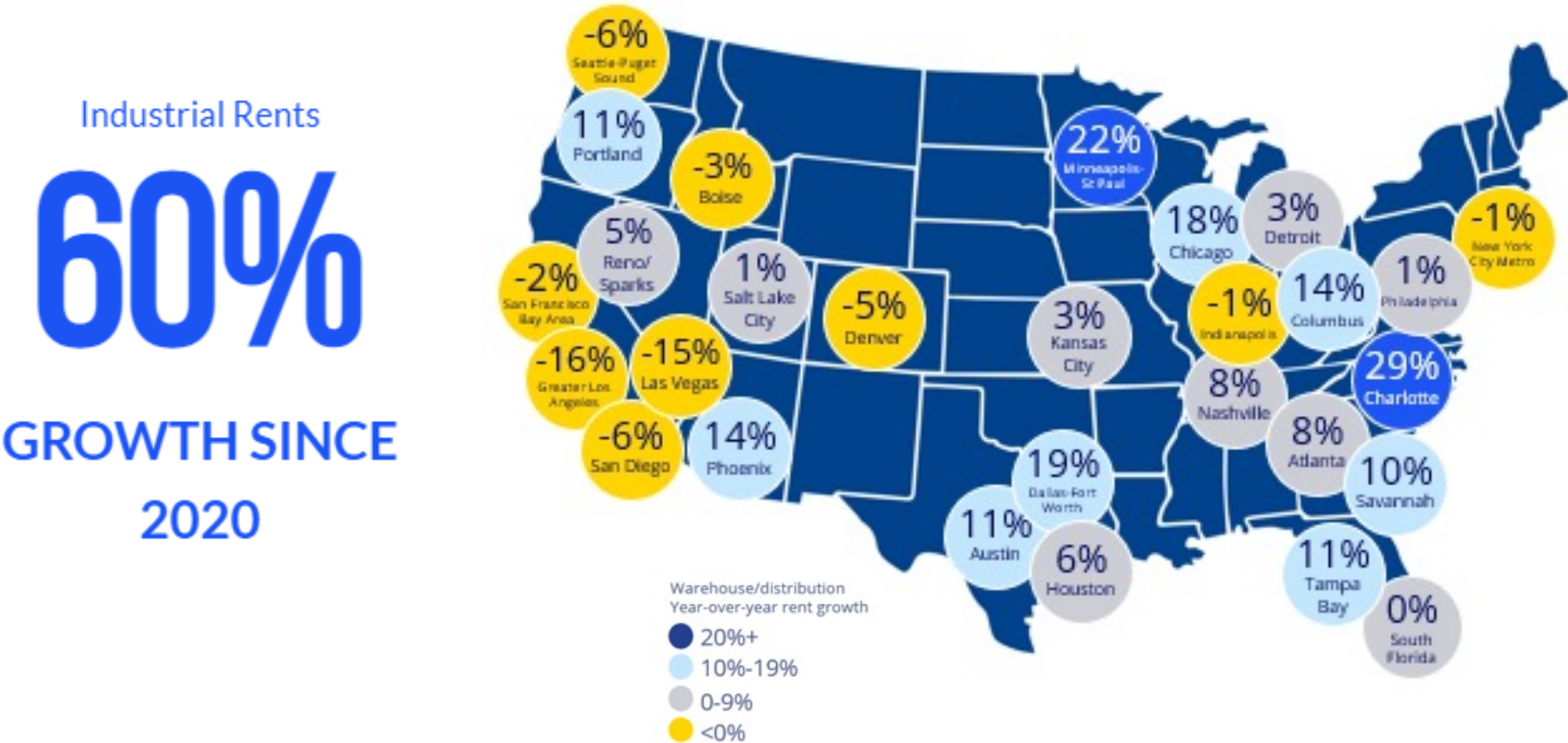
South and West See Highest Vacancy Increases



Source: Colliers

U.S. Industrial Market: 3Q 2024

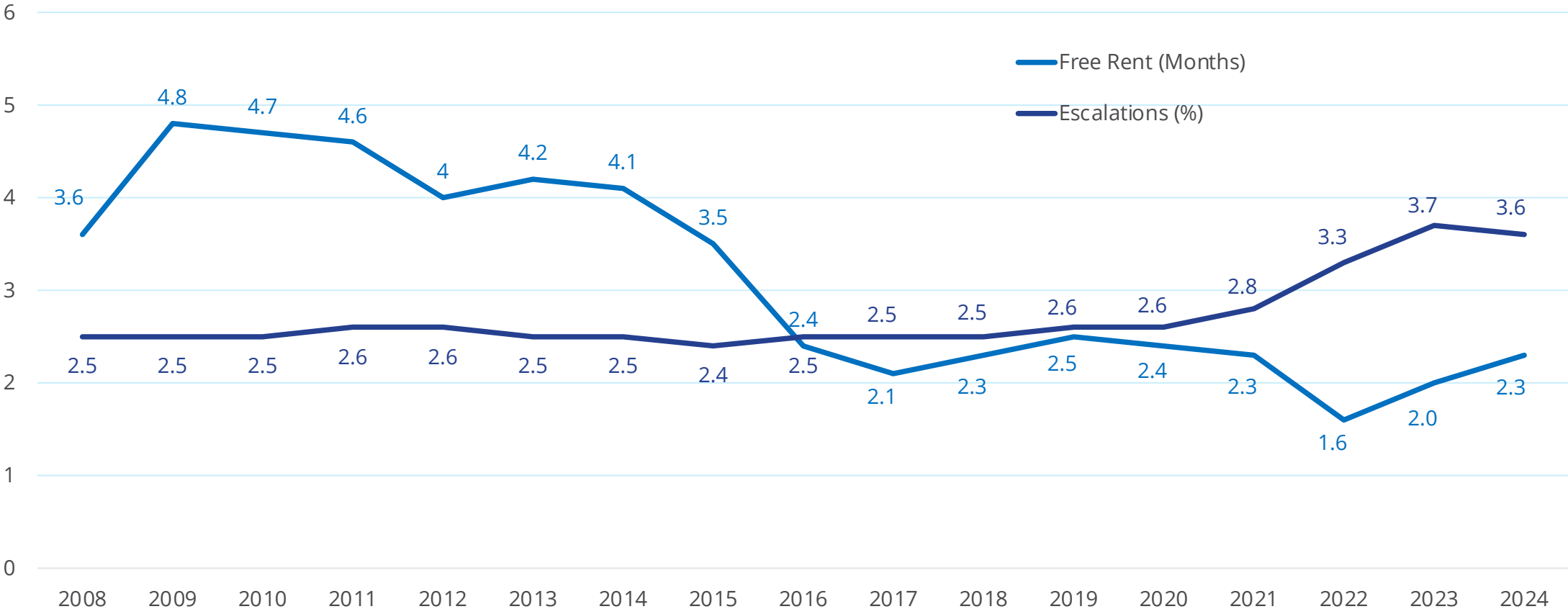
Rent Growth Retreating in Some Markets



Source: Colliers

U.S. Industrial Market: 3Q 2024

Free Rent Climbs as Escalations Plateau



Source: Colliers

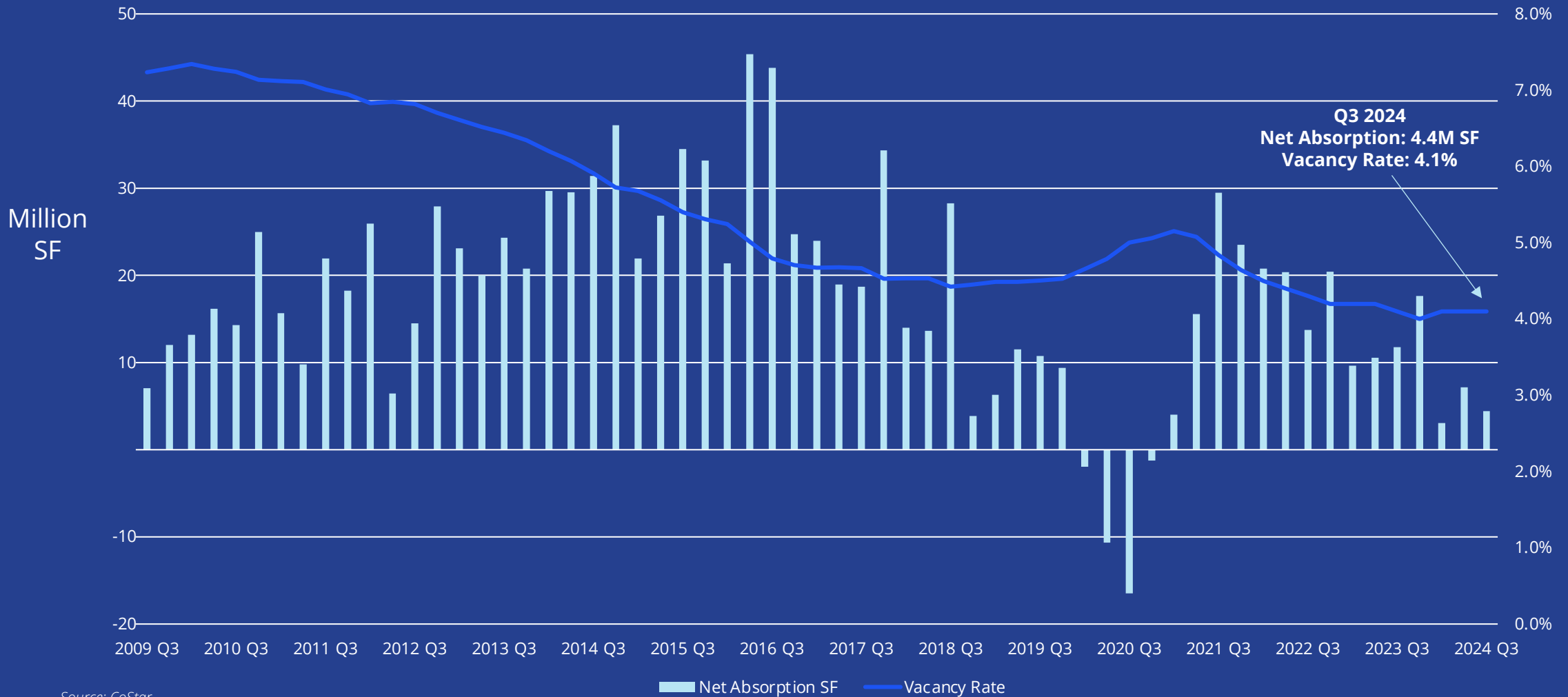
A street scene with trees and buildings, overlaid with a semi-transparent white box containing text. The text is arranged in two lines: 'Q3 2024' in a blue box and 'Retail' in a white box. The background shows a paved sidewalk, trees, and modern buildings with shops.

Q3 2024

Retail

U.S. Retail Market Overview

Vacancies Decline as Retailers Expand

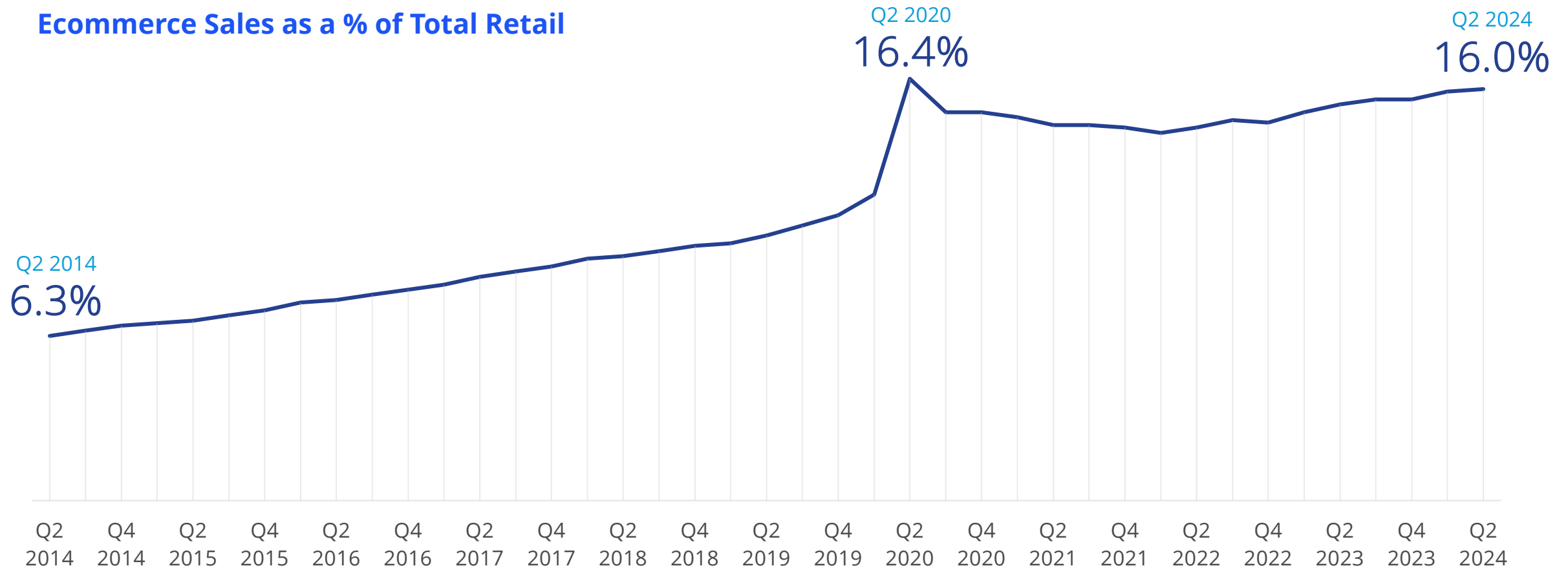


Source: CoStar

U.S. Retail Market Overview

The Pandemic Advanced Ecommerce Growth

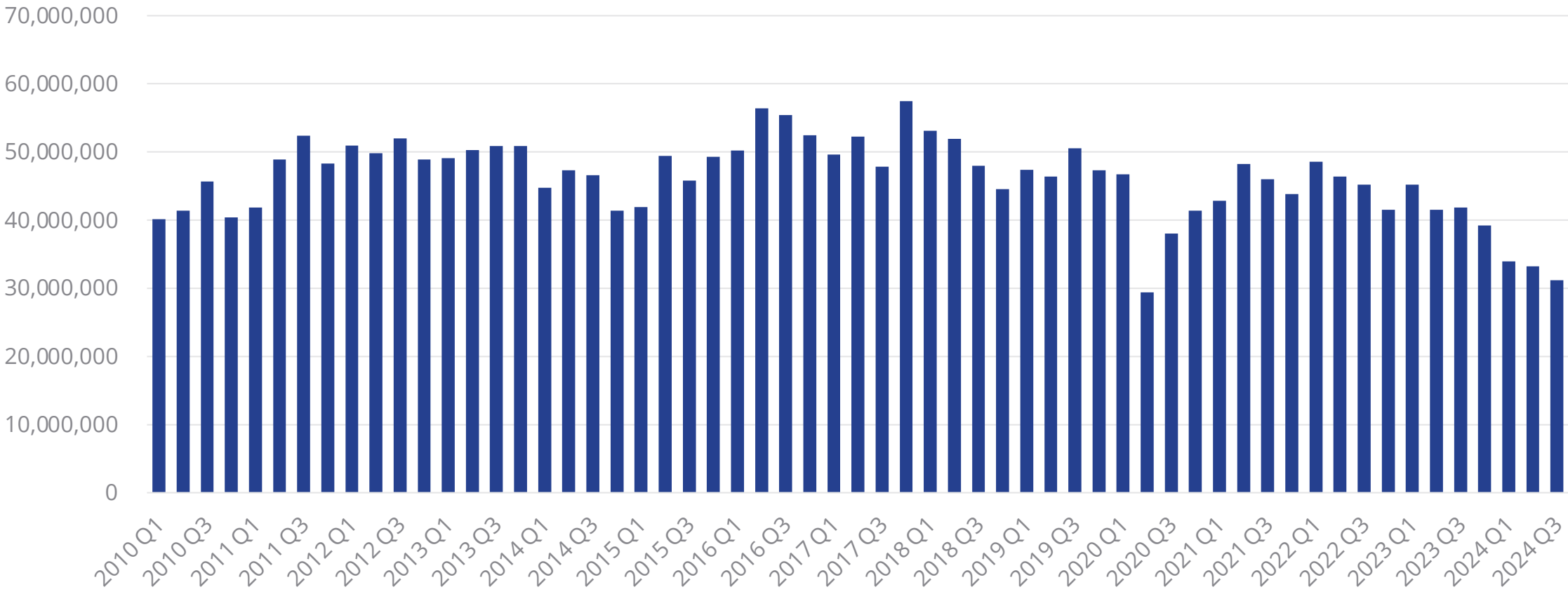
Ecommerce Sales as a % of Total Retail



Source: U.S. Census Bureau

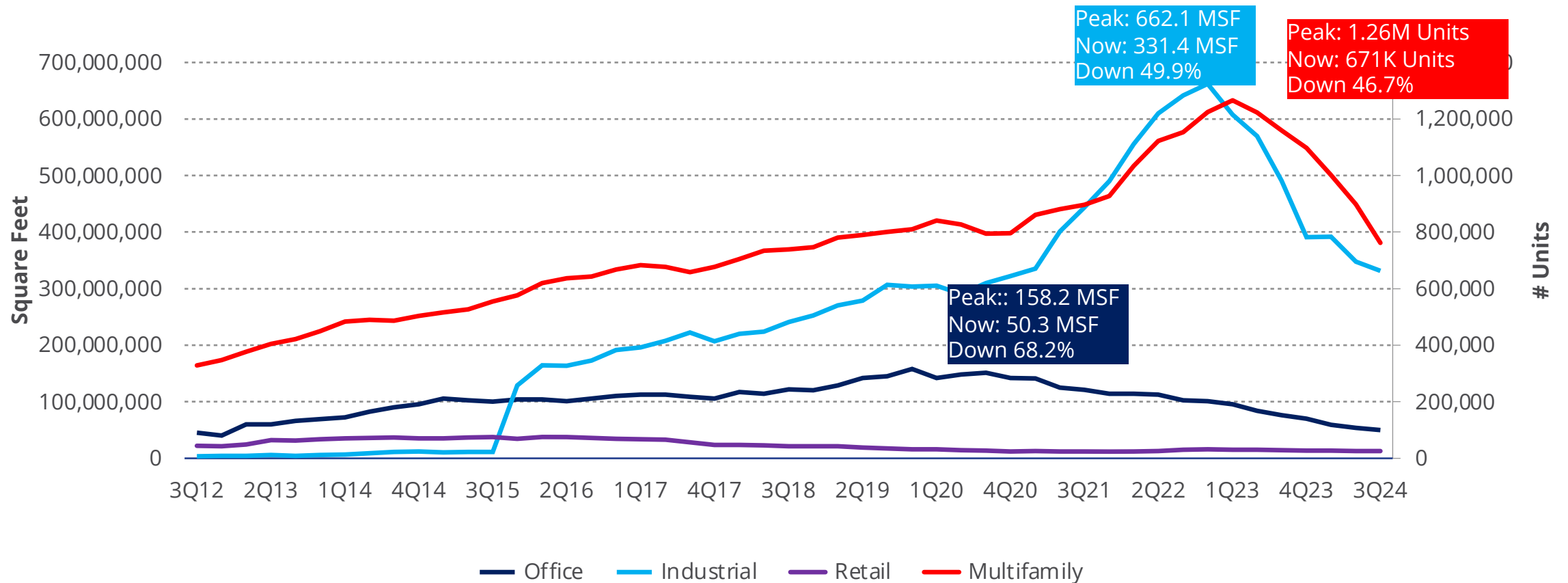
Total Leasing Activity - SF

Retailers Are Leasing Less Space



Source: CoStar

Development activity falling quickly

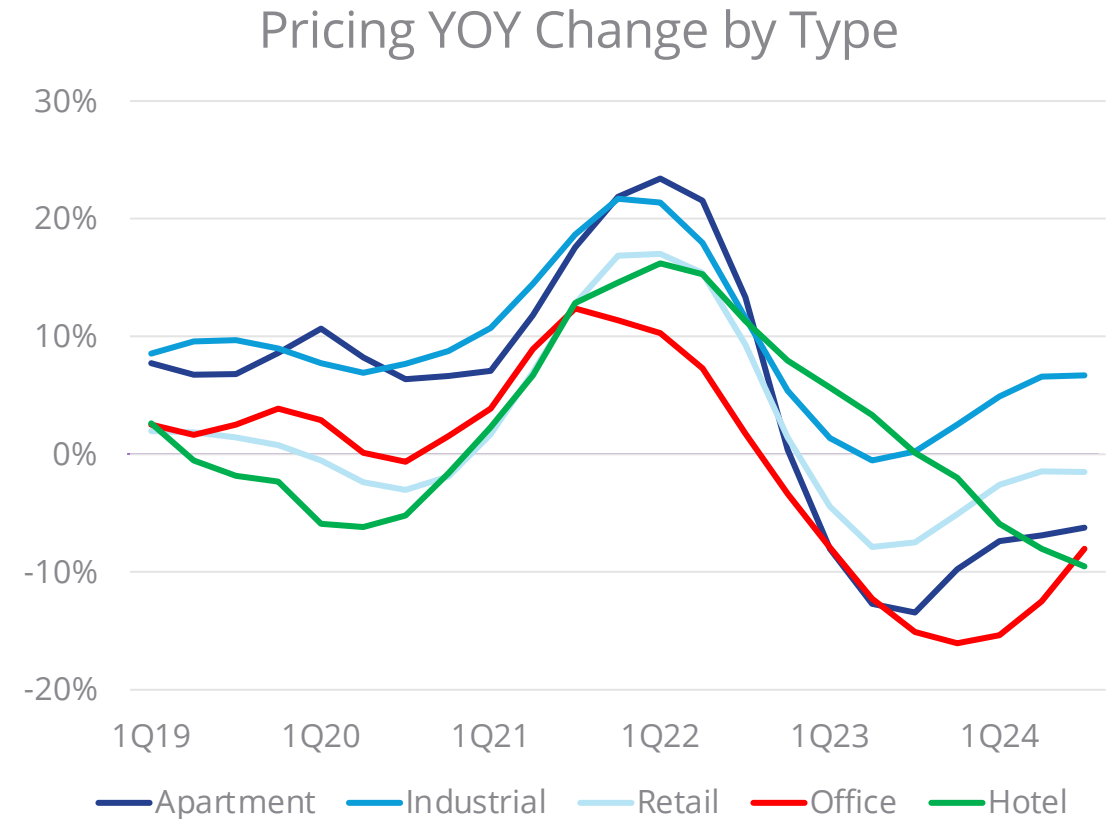
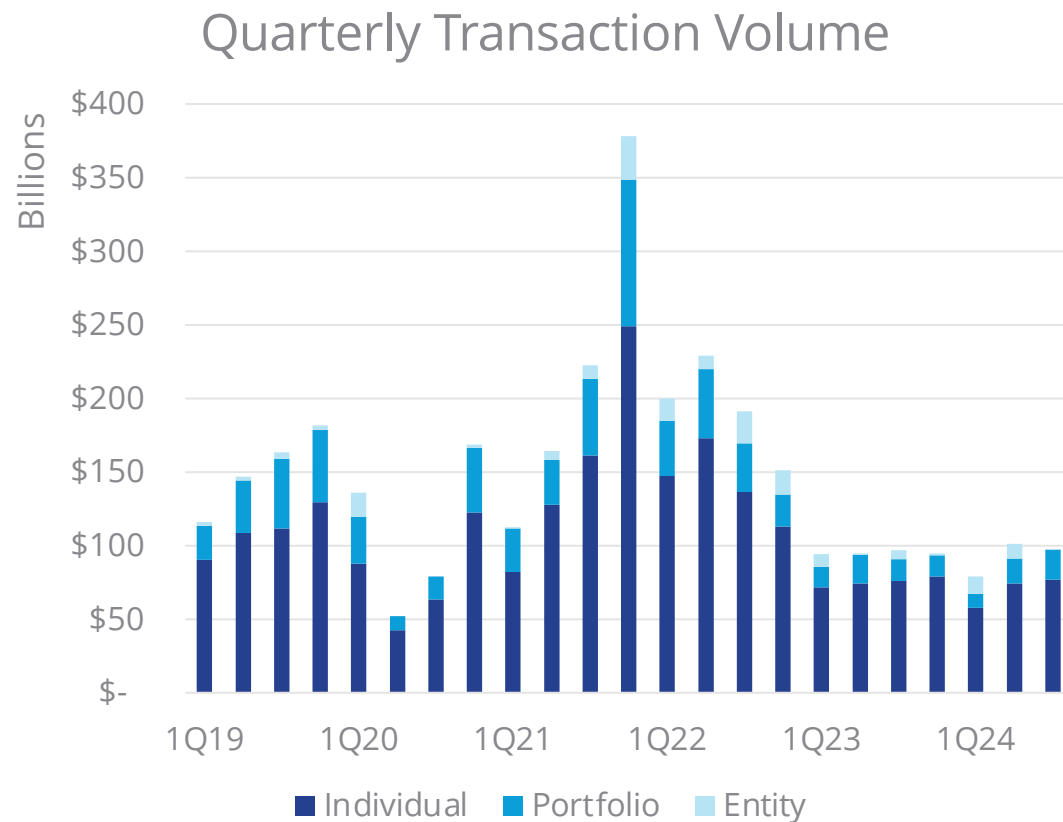




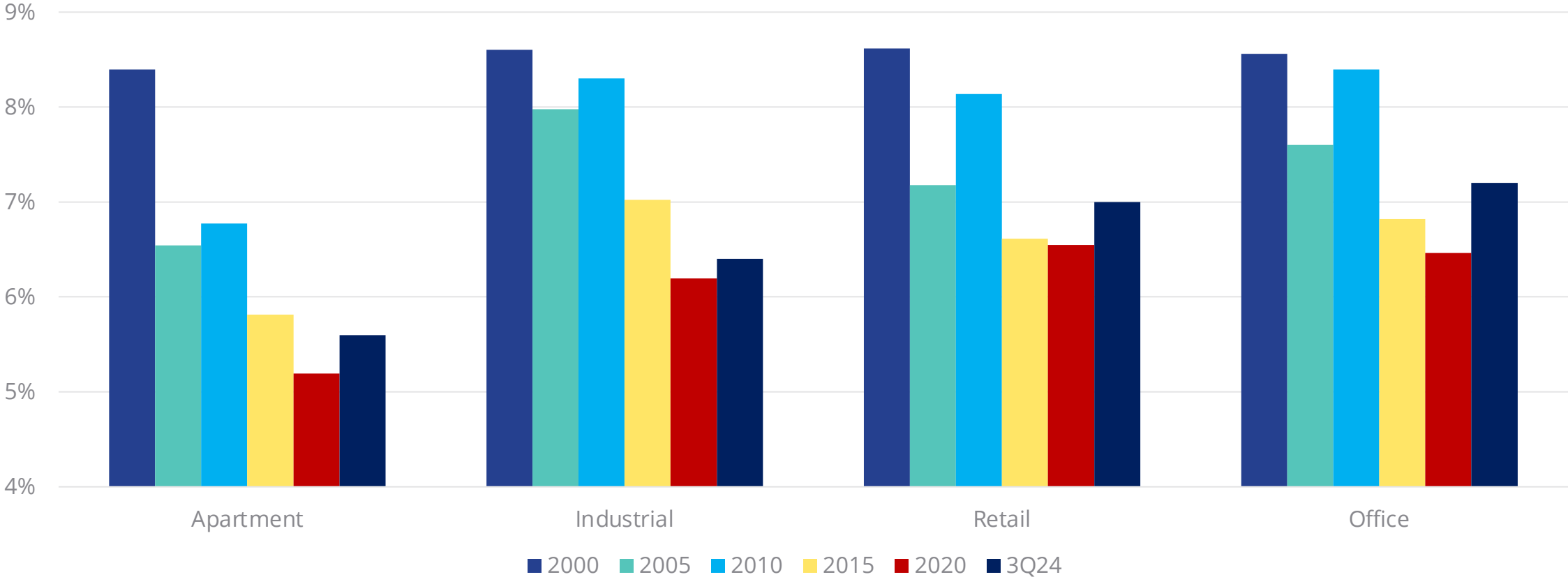
Q3 2024

Capital Markets

Deal volume remains weak, price decreases are moderating



Cap rates have risen, but remain well off peaks



Source: MSCI

U.S. Capital Markets

Uninvested Capital Targeting N. America Near Record Highs

