2013 NAIOP Market Outlook

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CBRE, Inc.
Labor Market Dynamics: Tepid in 2013

Source: Moody’s
Where the Jobs Are

New York
Dallas
Houston
Los Angeles
Atlanta
San Francisco
Phoenix
Boston
Minneapolis
Seattle
Austin
San Antonio
San Diego
Orlando
Denver
Philadelphia
Washington D.C.
Detroit
Riverside, CA
Miami
Chicago
Portland, OR
Tampa
San Jose
St. Louis

Source: Moody’s
Industry Outlook 2013

Net Job Gains (1000s)

Health Care & Social Assistance
Leisure & Hospitality
Professional, Scientific, & Technical Services
Administrative & Support Services
Retail Trade
Finance & Insurance
Wholesale Trade
Educational Services
Information
Construction
Transportation & Warehousing
Real Estate
State Government
Management of Companies
Manufacturing
Local Government
Utilities
Natural Resources & Mining
Federal Government

Source: Moody’s
Longer Term Job Trends: Momentum Markets

Source: Moody’s
U.S. Market Fundamentals: Modest Improvement

Source: CBRE Research
## Projected Recovery by Property Sector

<table>
<thead>
<tr>
<th>Property Sector</th>
<th>2012</th>
<th>Past Cyclic High</th>
<th>“Natural Rate”</th>
<th>Year Back to &quot;Natural Rate&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>15.5%</td>
<td>16.9 / 2010</td>
<td>13 to 15</td>
<td>2013</td>
</tr>
<tr>
<td>Industrial</td>
<td>13.1%</td>
<td>14.5 / 2010</td>
<td>9 to 10</td>
<td>2014</td>
</tr>
<tr>
<td>Retail</td>
<td>12.9%</td>
<td>13.2 / 2011</td>
<td>9 to 10</td>
<td>2015</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>4.6%</td>
<td>7.44 / 2009</td>
<td>5 to 6</td>
<td>2010</td>
</tr>
<tr>
<td>Full-Service Hotels</td>
<td>33.7%</td>
<td>43 / 2009</td>
<td>34 to 38</td>
<td>2010</td>
</tr>
</tbody>
</table>

**Source:** CBRE Research
U.S. Office: Local Market View

Market Rent Cycle

Source: CBRE Research
No Supply Risk: Fundamentals Continue to Improve

(New Supply as Share of Inventory, 2012-2014)

Source: CBRE Research
Real Estate Continues to Outperform

(Annualized Returns)

- REITs: 12.5% (1 Year), 12.0% (10 Years)
- Real Property: 10.3% (1 Year), 8.3% (10 Years)
- Government Bonds: 8.3% (1 Year), 5.4% (10 Years)
- Equities: 5.5% (1 Year), 5.3% (10 Years)
- CPI: 2.5% (1 Year), 0.0% (10 Years)
- T-Bills: 1.7% (1 Year), 1.8% (10 Years)

Source: NCREIF
Outmigrations

Source: MDEDC
Outmigrations

Source: MDEDC
Outmigrations

Source: MDEDC
Economic Incentives Environment

The map illustrates the economic incentives environment across the United States, categorized into four types:

- **Aggressive** (Dark Green)
- **Competitive** (Light Green)
- **Not Competitive** (Gray)
- **Not Applicable** (Not Shown)

Each state is color-coded to reflect its economic incentives environment.
The Data Center Market

Current Industry Trends

|---------------------------|-------------------|-----------------------------|-------------------|-----------------------------------------------|

Power Density in the Data Center