2008: A Challenging Year For Commercial Real Estate
National Apartment Vacancies At A 5+ Year Low

Source: PPR (PPR54)
So, How Bad Is The For-Sale Housing Market?

Sources: NAR; U.S. Census Bureau
Homes Entering Foreclosure Are At Historic Highs

Homeownership Rate (%)

Percent of Loans Entering Foreclosure

Source: MBA; U.S. Census Bureau (Thru 07Q3)
But, Falling Home Prices ≠ Dramatic Spike In Apartment Demand

Source: NAR; PPR

Y/O/Y % Change in Existing SF Median Prices

Net Apartment Absorption (PPR54)
Many Metros Will See Apartment Vacancies Slip In The Next 6 Months

Change in Percentage Pts.
(07Q1 vs. 07Q3)

Source: PPR
Apartment Projects Entering the Planning, Bidding, and Underway Phases

(3-month rolling average)

- Bidding
- Planning
- Underway

Units (000s)

Source: PPR/Reed ConstructionTrak
Apartment Concessions Are On The Rise (Again…) In Some Metros

Concessions as a % of Asking Rent

Source: Axiometrics
The National Office Market Has Peaked

Source: PPR (PPR54)
Office Employment Is Slowing

Year-over-Year Growth Rate

- Office-Using Employment
- Non-Office-Using Employment

Source: U.S. Bureau of Labor Statistics; Economy.com; PPR
Construction Levels Concerning In Some Larger Markets

Office Construction Underway As A % Of Inventory 2007Q3

Source: PPR
Office Projects Entering the Planning, Bidding, and Underway Phases

(3-month rolling average)

Source: PPR/Reed ConstructionTrak
National Picture Less Positive Into 2009

Number of Markets With Rising Vacancy Rates

Source: PPR
Tight Markets Benefiting Class A The Most

Square foot-weighted Effective Rent

Sources: PPR; Cushman & Wakefield

PPR | NAIOP Breakfast Series
Rent Growth Peaks This Year

PPR54 Recent History and Forecast - Office Rent Change

Rent Growth


Source: PPR
National Retail Market Fundamentals Continue To Soften…

Source: PPR (PPR54)
Where Should Supply Really Have You Worried?

Average Annual Rent Growth (2008-12)

Occupy Change (2008-12)

Source: PPR
Spending More at the Pump, Not the Mall

Unleaded Gasoline Prices
($ per gallon, NSA)

Sources: Moody’s Economy.com, PPR
Gas Prices Slowing Wal-Mart Down?

Wal-Mart Comparable Store Sales Growth
(Year-over-Year, 3-month rolling average)

Unleaded Gas Price ($)

Sources: Wal-mart, Bureau of Labor Statistics
Consumer Debt Still Growing

Source: Federal Reserve Board
Spendable Home Equity!

Volume of Cash-Out Refinancing Activity ($ Billions)

Year-Over-Year % Change in Retail Sales

Sources: Freddie Mac, Economy.com
National Warehouse Market – Still Healthy…

Source: PPR (PPR54)
Super-Regional Distribution Metros Dominate Demand Growth…

Source: PPR
…As Well As Supply Growth

Source: PPR
Warehouse Projects Entering the Planning, Bidding, and Underway Phases

(3-month rolling average)

SF (Millions)

Source: PPR/Reed ConstructionTrak
Flow of Goods Suggests Slower Demand Growth

Sources: Moody’s Economy.com; PPR
You Can Count On New Supply Eroding Rent Growth

Units (000s)

Year-over-Year Rent Growth

Source: PPR