

U.S. CRE Capital Markets Update

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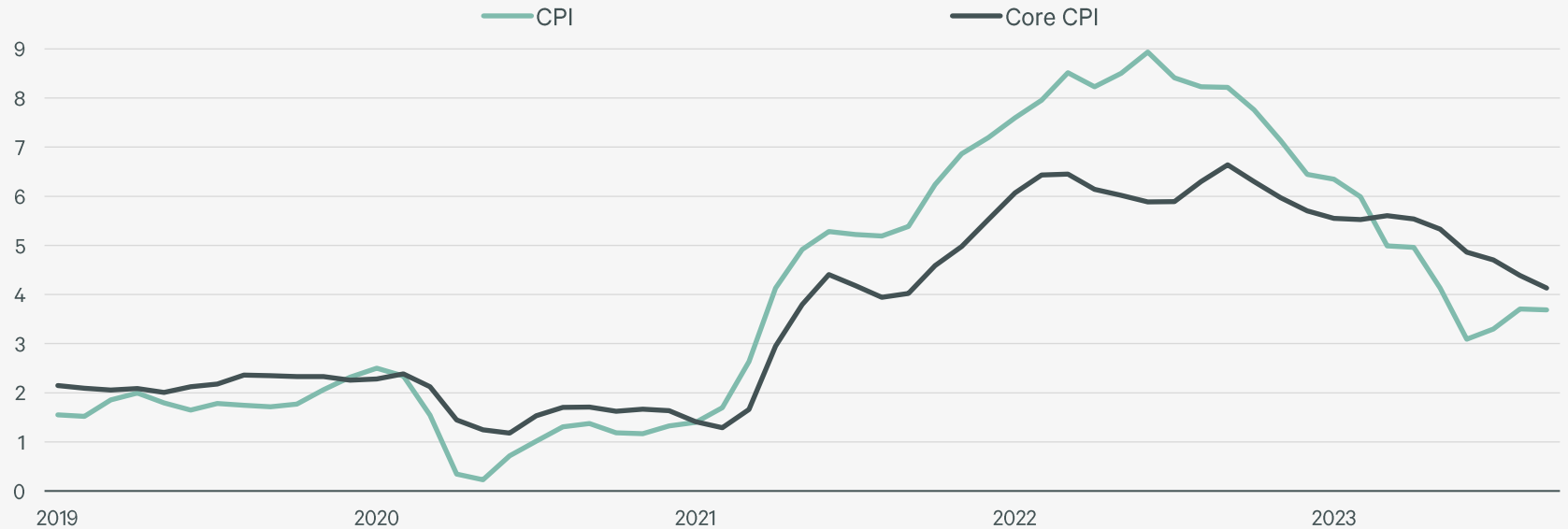
NAR NXT Presentation



Inflation

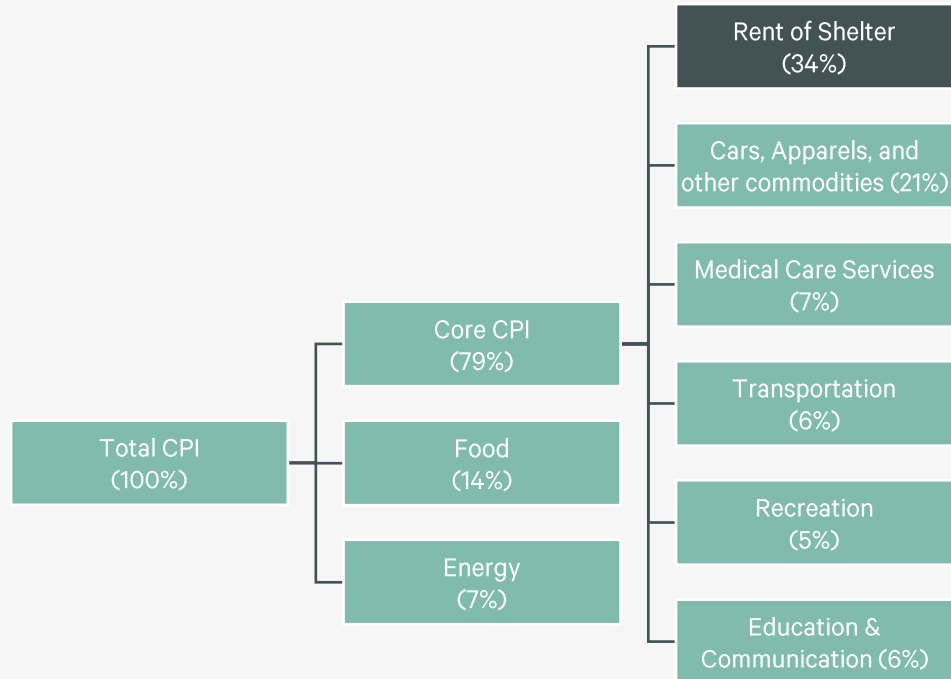
Core Inflation Finally Trending Down

U.S. CPI, Core CPI (year-over-year % change)



Source: CBRE Research, BLS, BEA, September 2023.

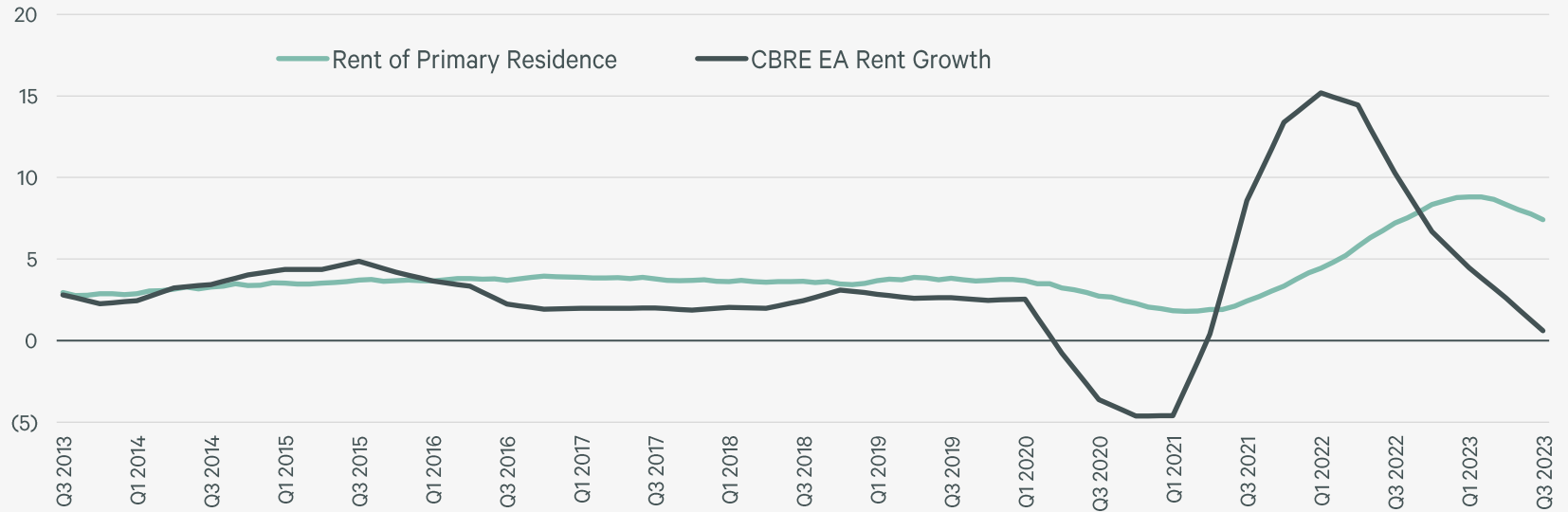
Deconstructing Core Inflation – The Role of Shelter



Source: CBRE Research, BLS, Q3 2023.

Rent CPI Playing Catch up with Reality

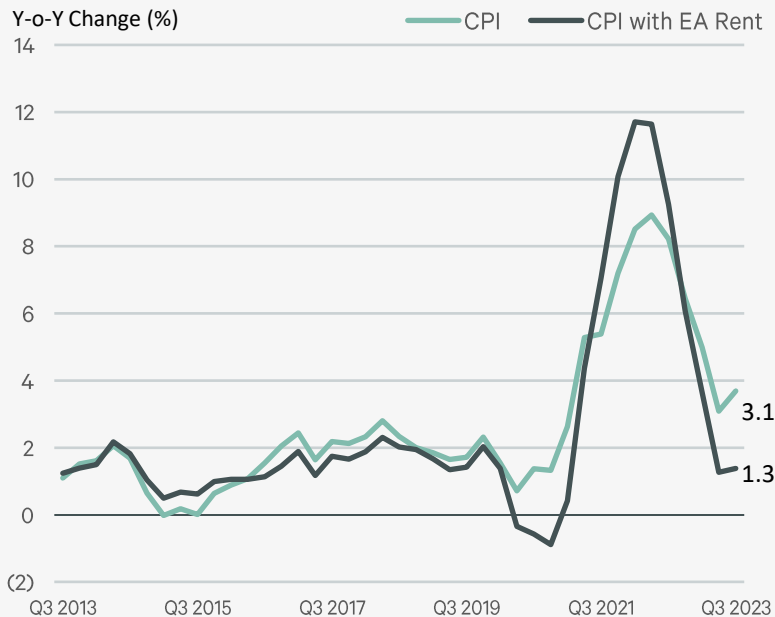
CPI Rent and EA Rent, Y-o-Y Growth (%)



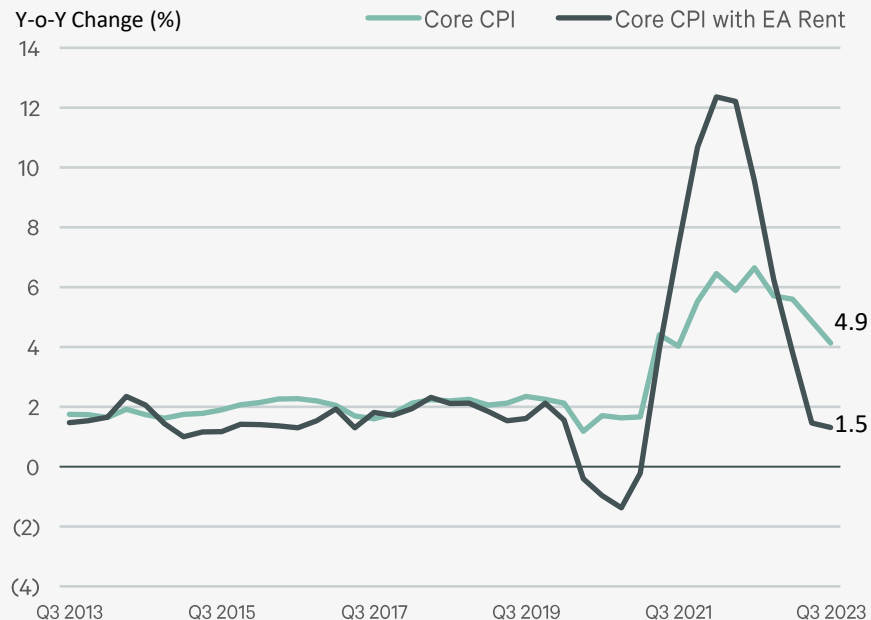
Source: CBRE Research, CBRE Econometric Advisors, BLS, Q3 2023.

CPI Would Be On Target With Real-Time Shelter Data

Overall CPI Comparison



Core CPI Comparison



Source: CBRE Research, CBRE Econometric Advisors, BLS, Q3 2023.

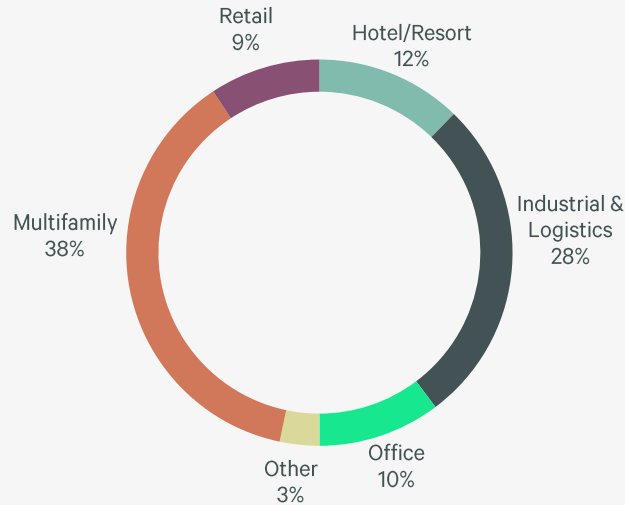


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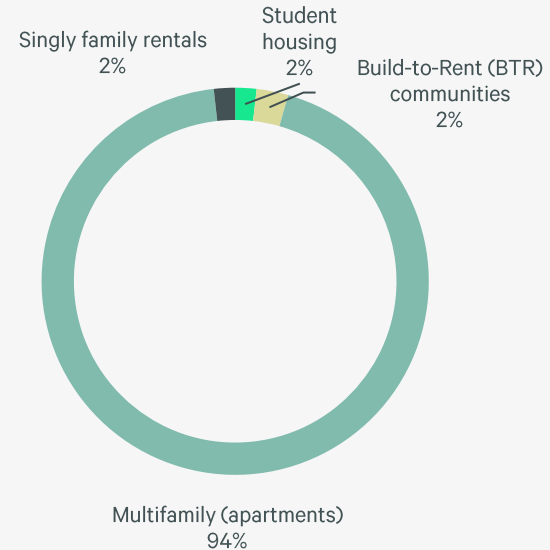
The Role of Multifamily

Multifamily Remains Most Preferred Sector

Investors' Sector Preference in 2023



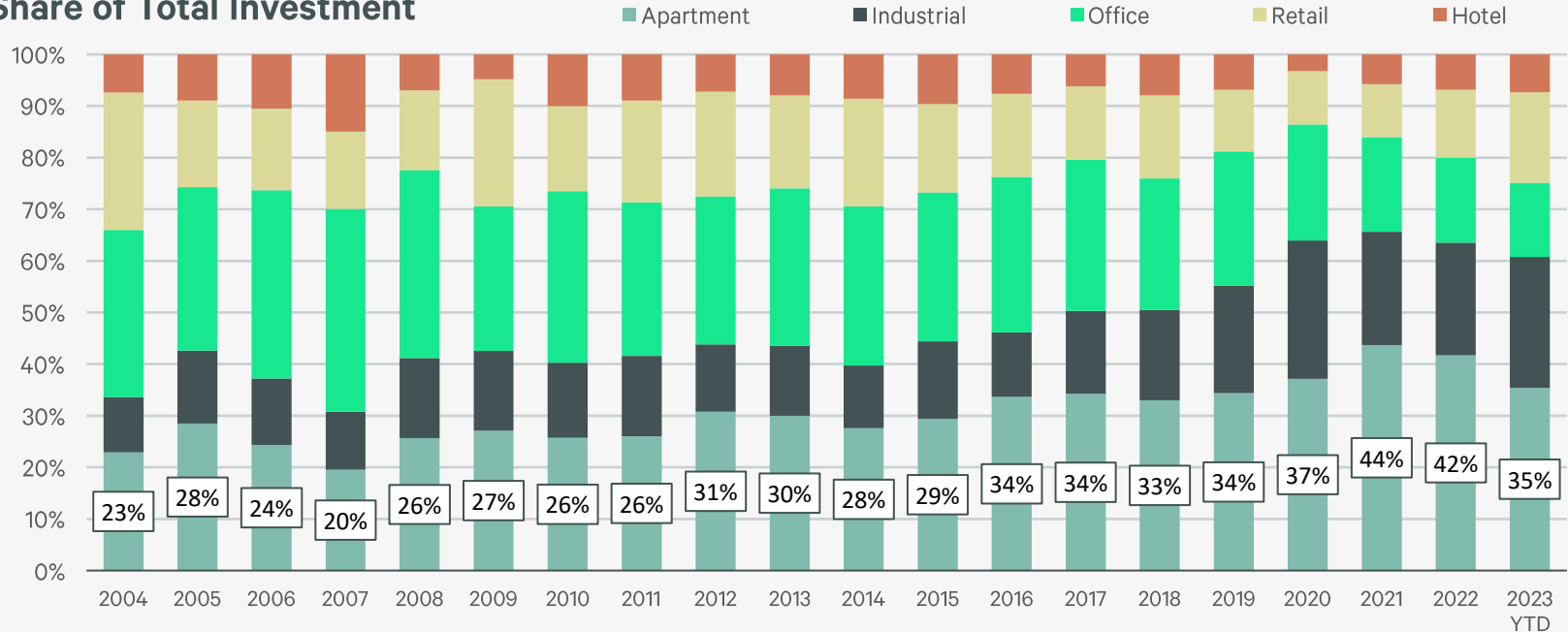
Investors' Favored Multifamily Sub-Sector



Source: U.S. Investor Intentions Survey, CBRE Research, December 2022.

Multifamily is #1 for U.S. CRE Investment

Share of Total Investment

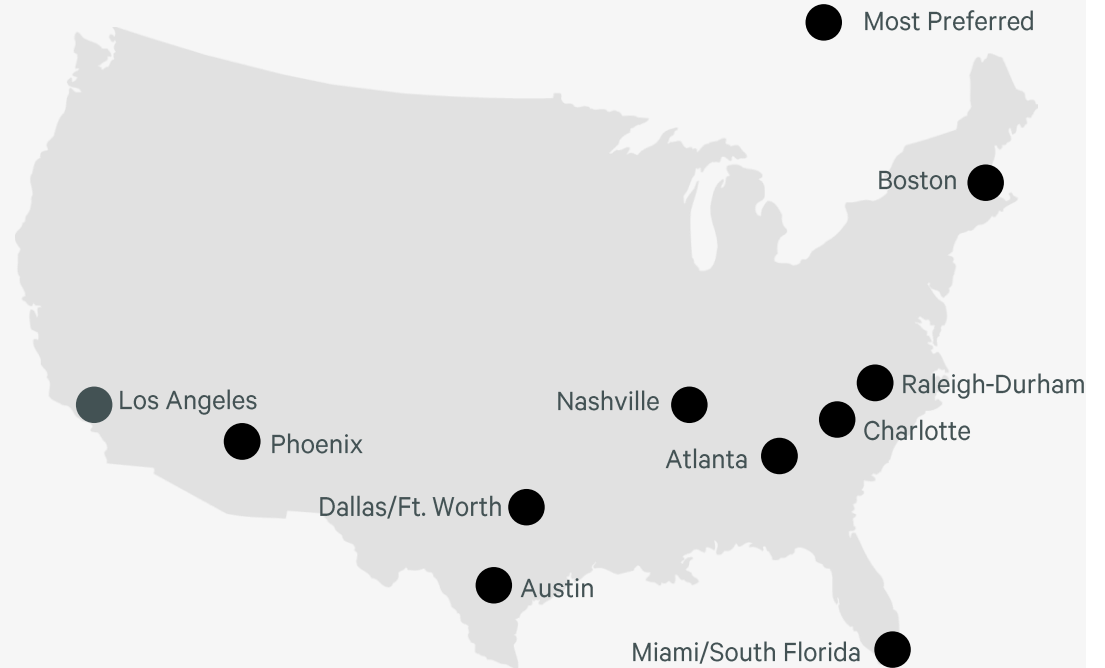


Source: CBRE Research, MSCI Real Assets, Q3 2023.

Investors Prefer Sun Belt and Select Secondary Markets

Top 10 Most Preferred Markets

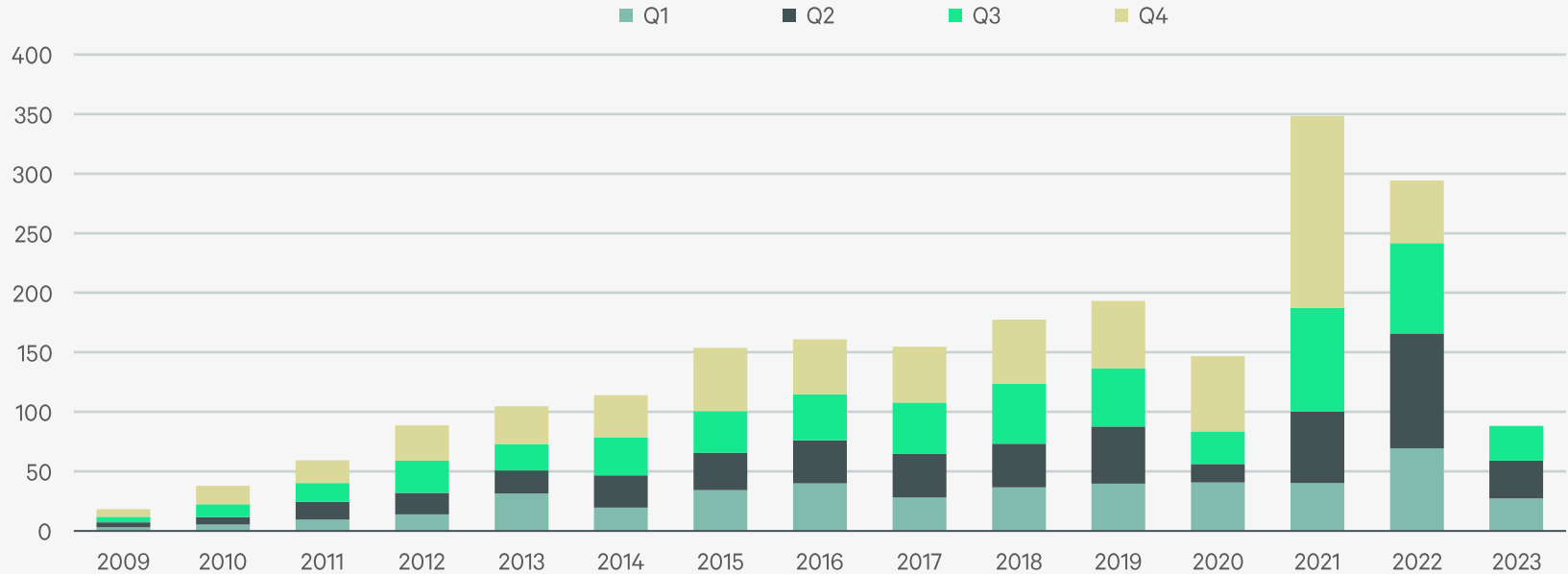
1	Dallas / Ft. Worth
2	Austin
3	Miami / South Florida
4	Los Angeles
5	Nashville
6	Atlanta
7	Charlotte
8	Phoenix
9	Boston
10	Raleigh - Durham



Source: U.S. Investor Intentions Survey, CBRE Research, December 2022.

Investment Activity Steady Through Q3

U.S. Multifamily Investment Volume (\$, billions)



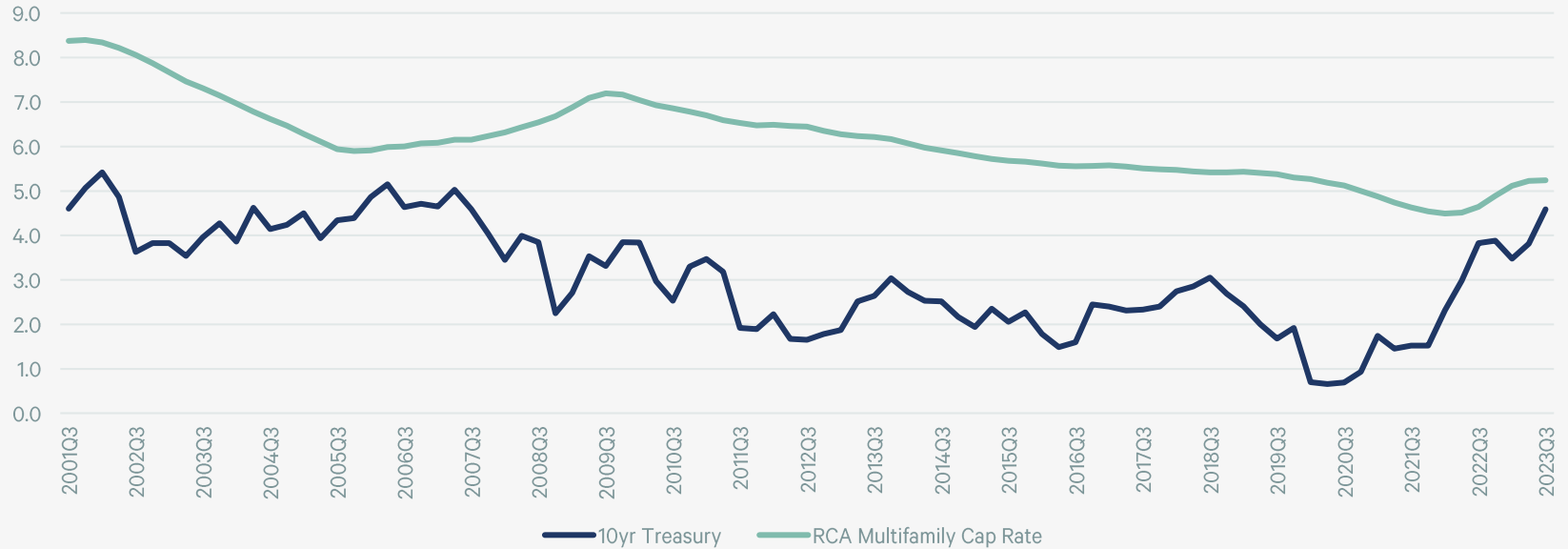
Source: CBRE Research, CBRE Econometric Advisors, MSCI Real Assets, Q3 2023.

3

How Have Cap Rates
Actually Moved?

The 10-Year and the Cap Rate

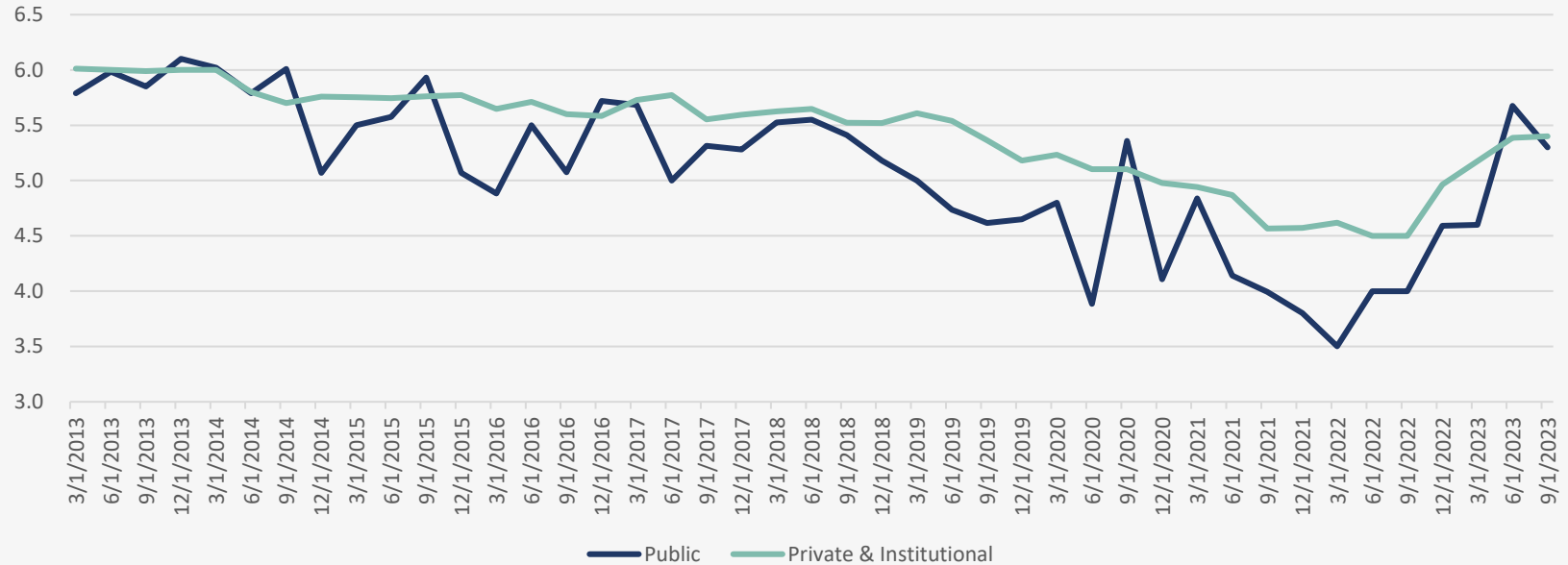
Cap Rates (%)



Source: CBRE Research, MSCI Real Assets, Federal Reserve Bank of St. Louis, Q3 2023.

Public Market Volatility Overstates Change in Yields, Private Markets Understate. Reality is Between Them.

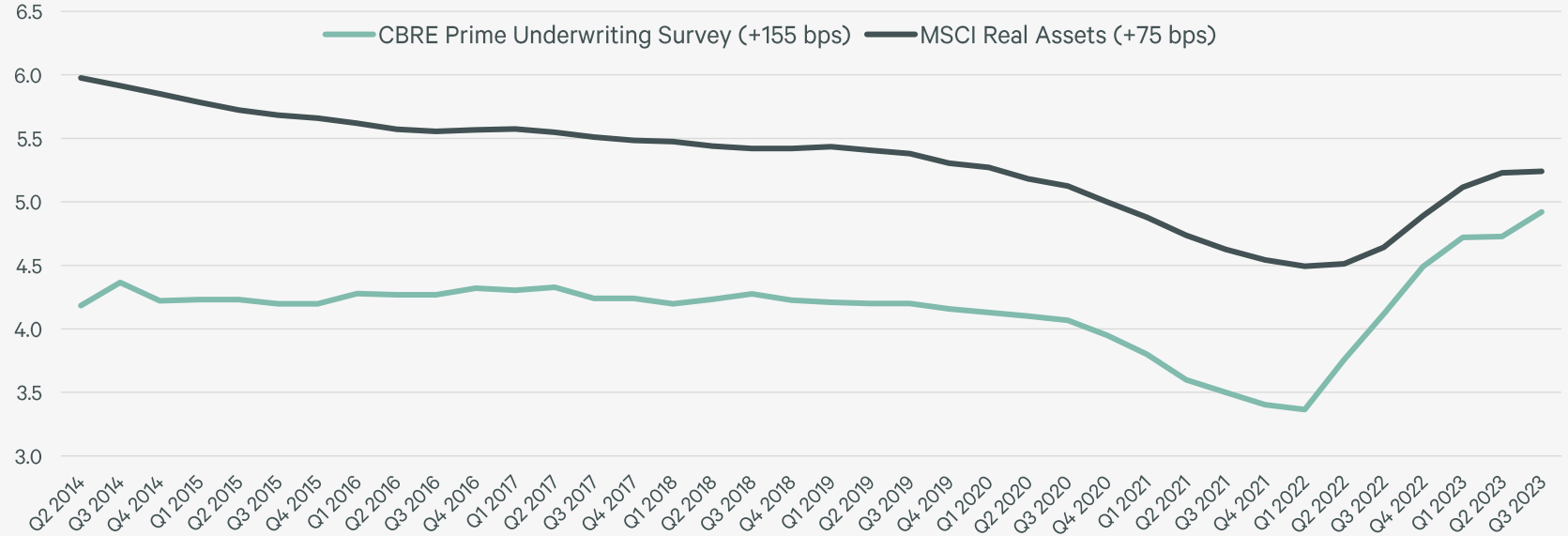
Median Cap Rates (%)



Source: CBRE Research, MSCI Real Assets, Q3 2023.

Just How Much Have Cap Rates Actually Risen?

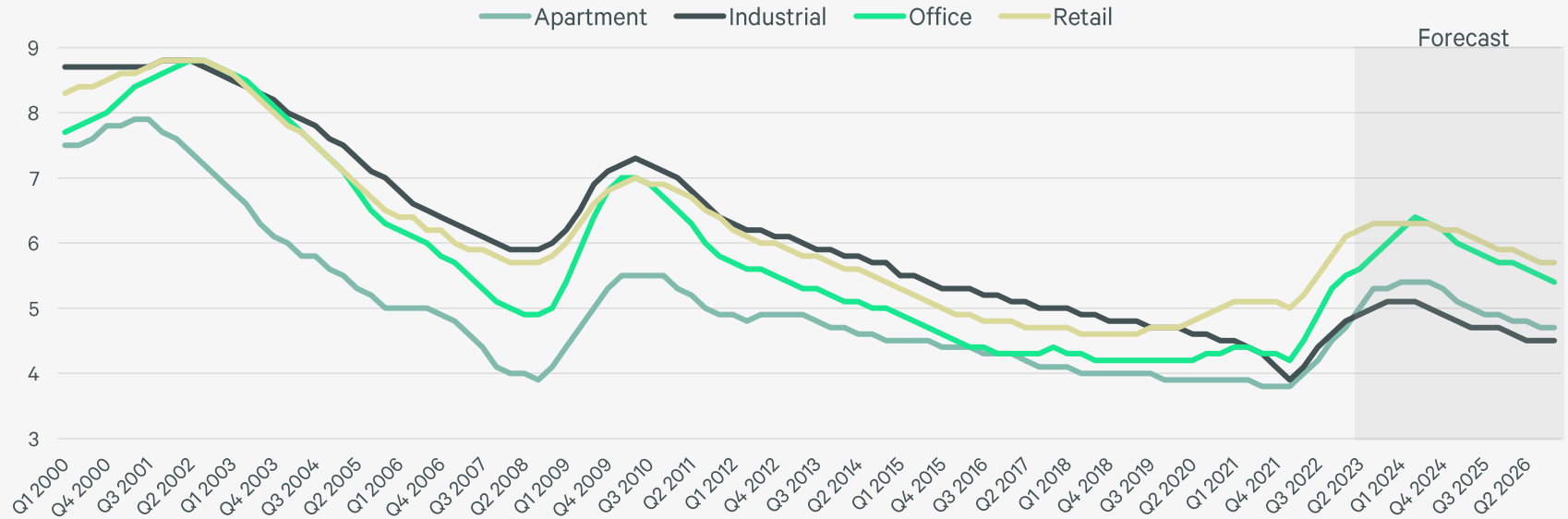
Cap Rates (%)



Source: CBRE Research, MSCI Real Assets, Q3 2023.

The Shape of Things to Come

U.S. cap rates by sector (%)



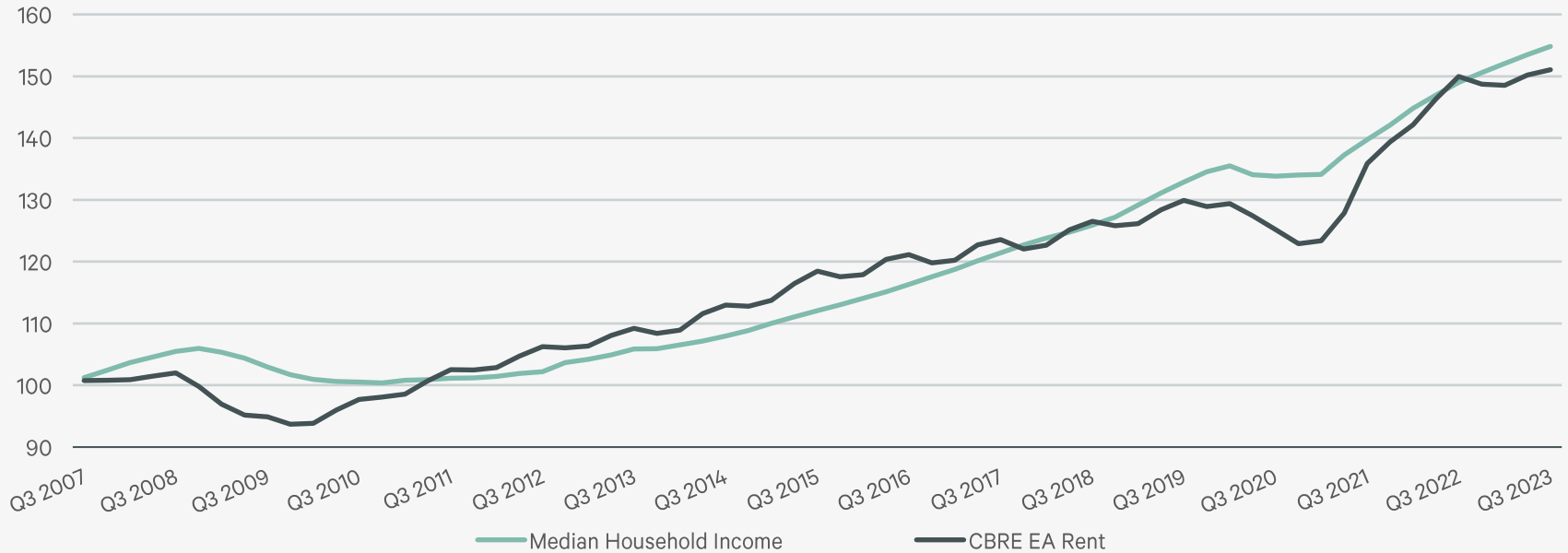
Source: CBRE Research, CBRE Econometric Advisors, Q2 2023.



Ten Things to *Help*
You Sleep at Night

#1 Income Growth has Outpaced Rents Since GFC

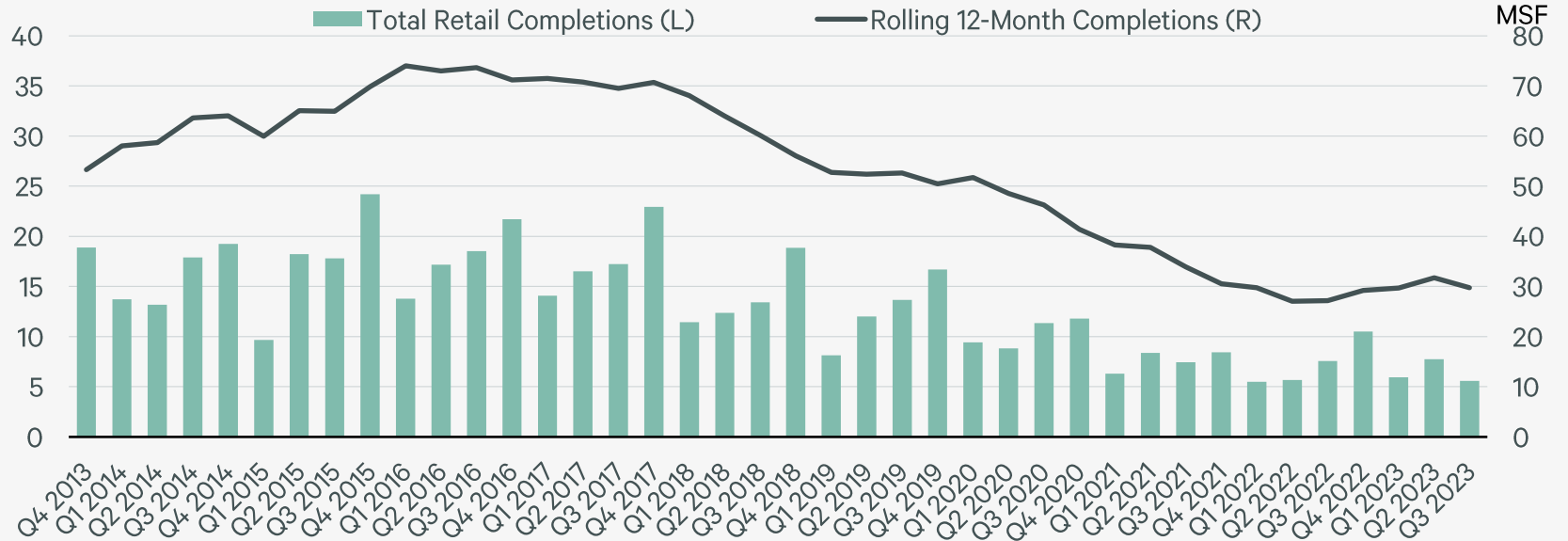
Median Annual Household Income and Rent Index (Q2 2007 = 100)



Source: CBRE Research, CBRE Econometric Advisors, Oxford Economics, Q3 2023.

#2 Very Little New Retail Supply

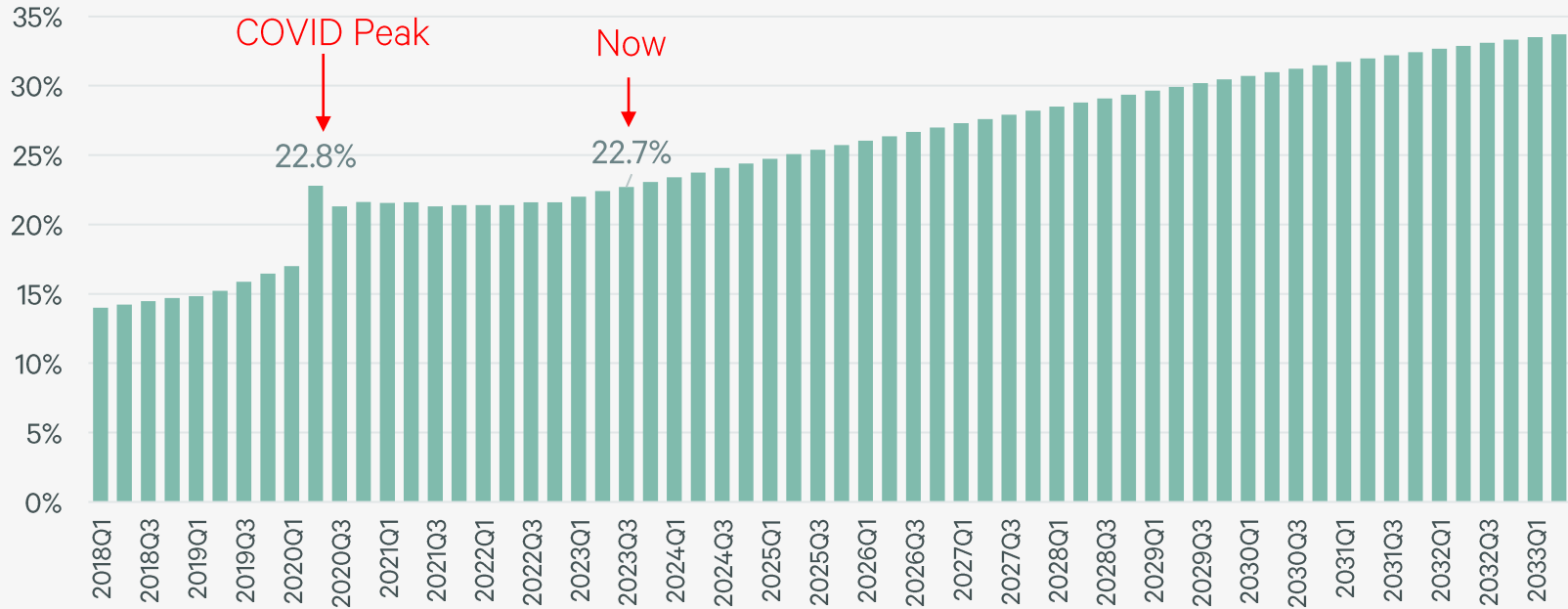
Retail Completions (MSF)



Source: CBRE Research, CBRE Econometric Advisors, Q3 2023.

#3 Growing E-commerce Will Buoy I&L Demand

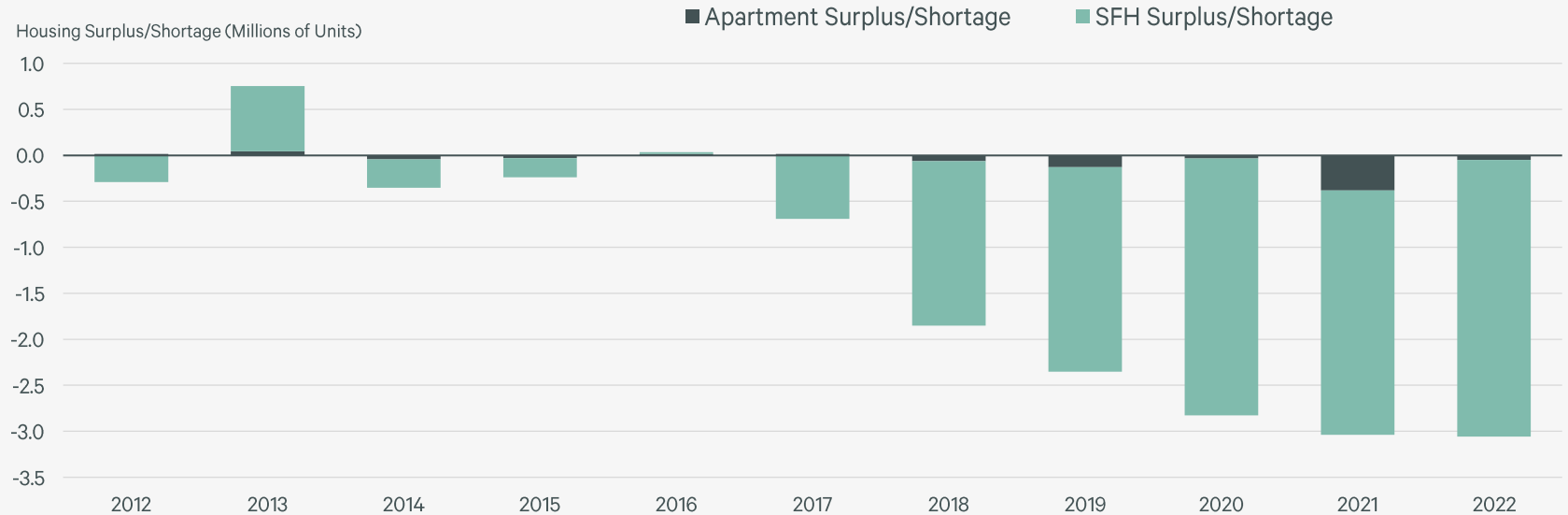
E-commerce as a percentage of non-auto or gas related sales



Source: CBRE Research, Q3 2023.

#4 U.S. Housing Shortage: at least 3.1 Million

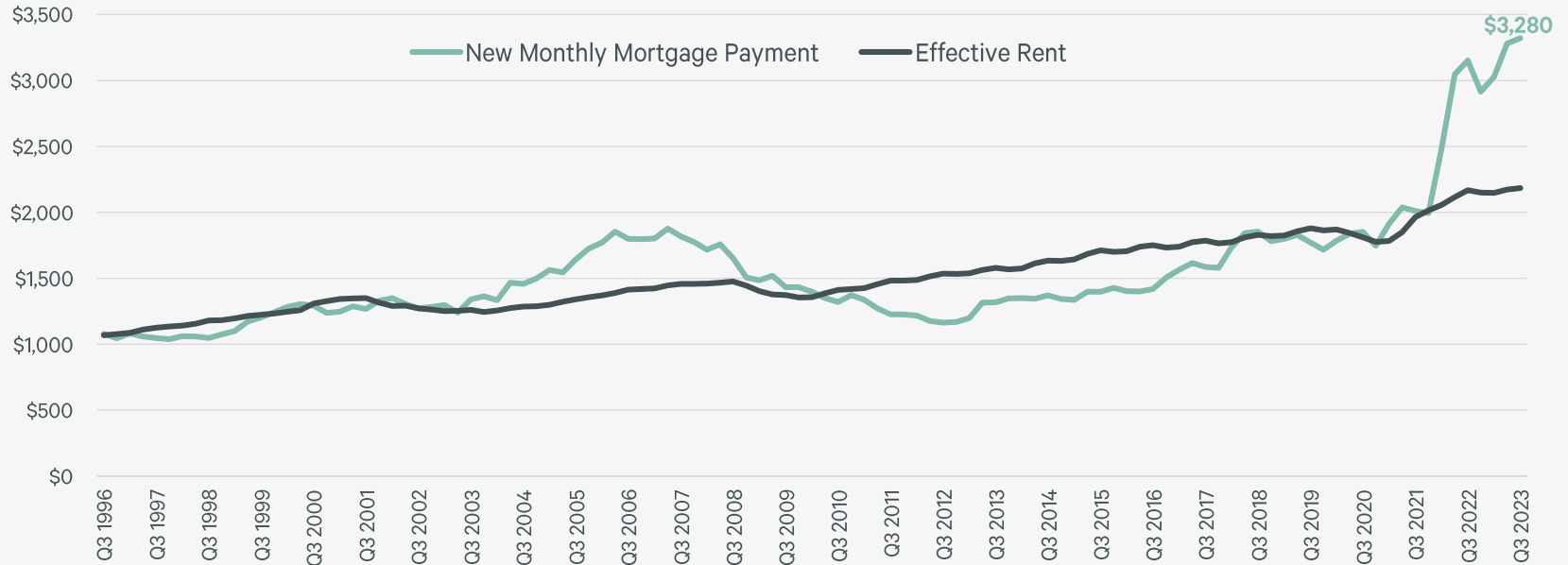
Historical Housing Shortage by Housing Type



Source: CBRE Research, U.S. Census Bureau, January 2023.

#5 Buying a Home? Not So Fast...

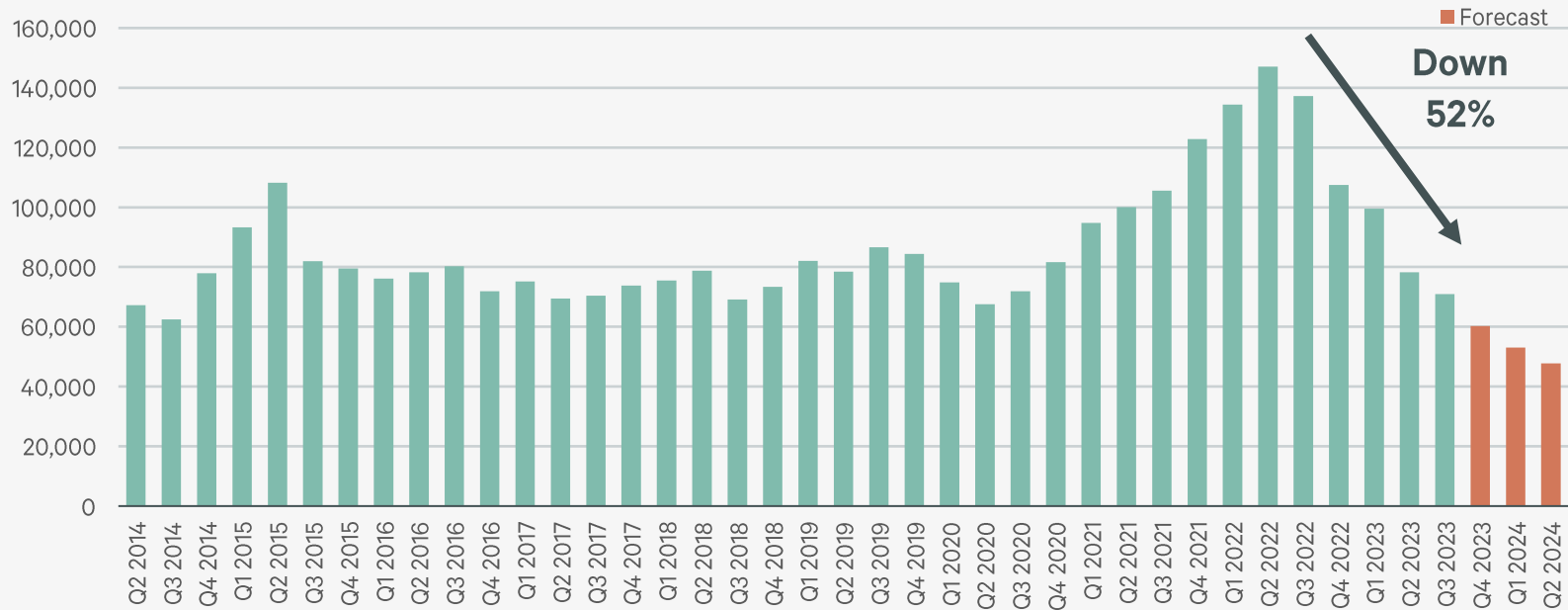
U.S. Average Rent vs. New Mortgage Payment (\$)



Source: CBRE Research, CBRE Econometric Advisors, Freddie Mac, U.S. Census Bureau, Realtor.com®, FHFA, Q3 2023.

#6 Multifamily Starts are Trending Down

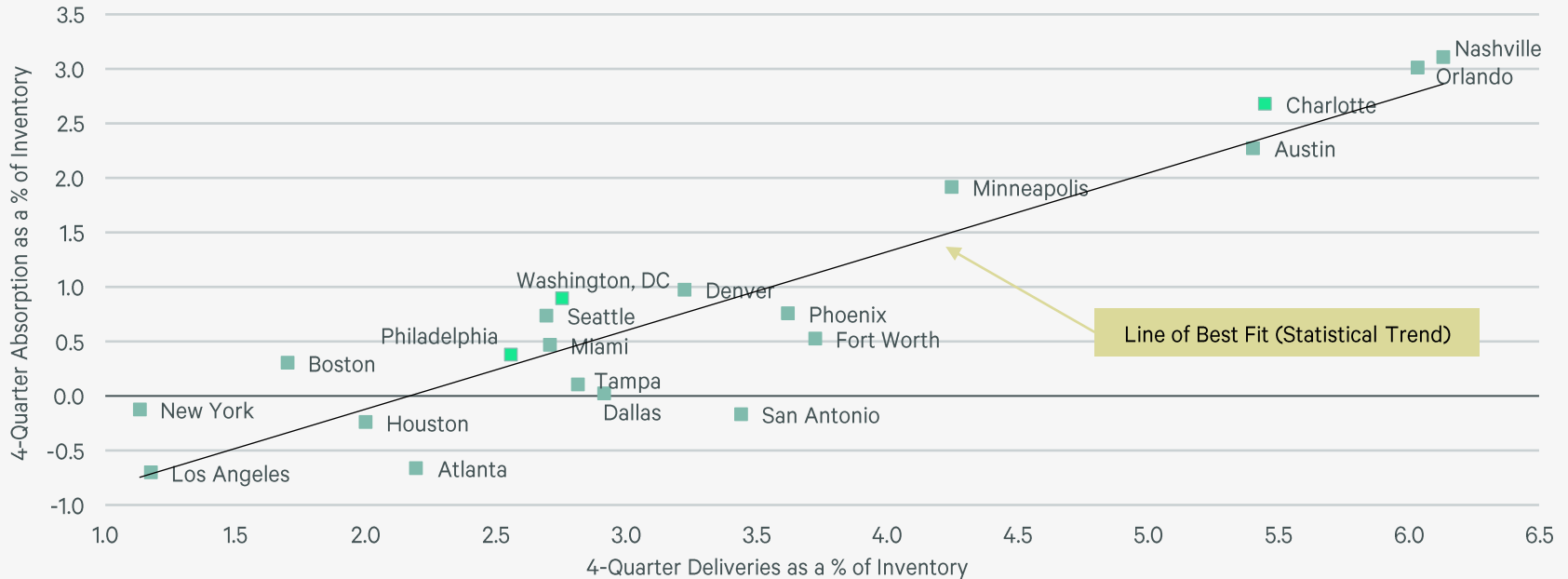
Estimated Quarterly Multifamily Starts (Units)



Source: CBRE Research, CBRE Econometric Advisors, Q3 2023.

#7 New Supply Is Where Demand is Strongest

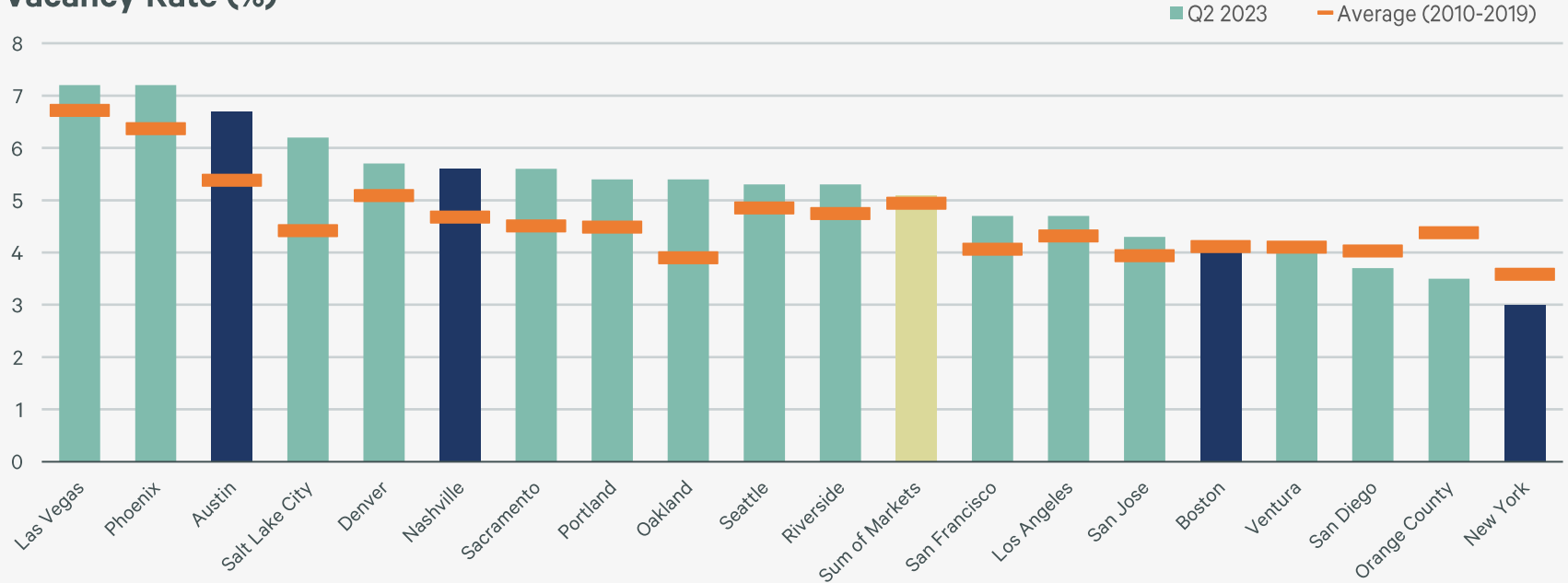
Top 25 Markets for Largest 4-Quarter Deliveries as of Q3 2023



Source: CBRE Research, CBRE Econometric Advisors, Q3 2023.

#8 Variation Among Market Vacancy

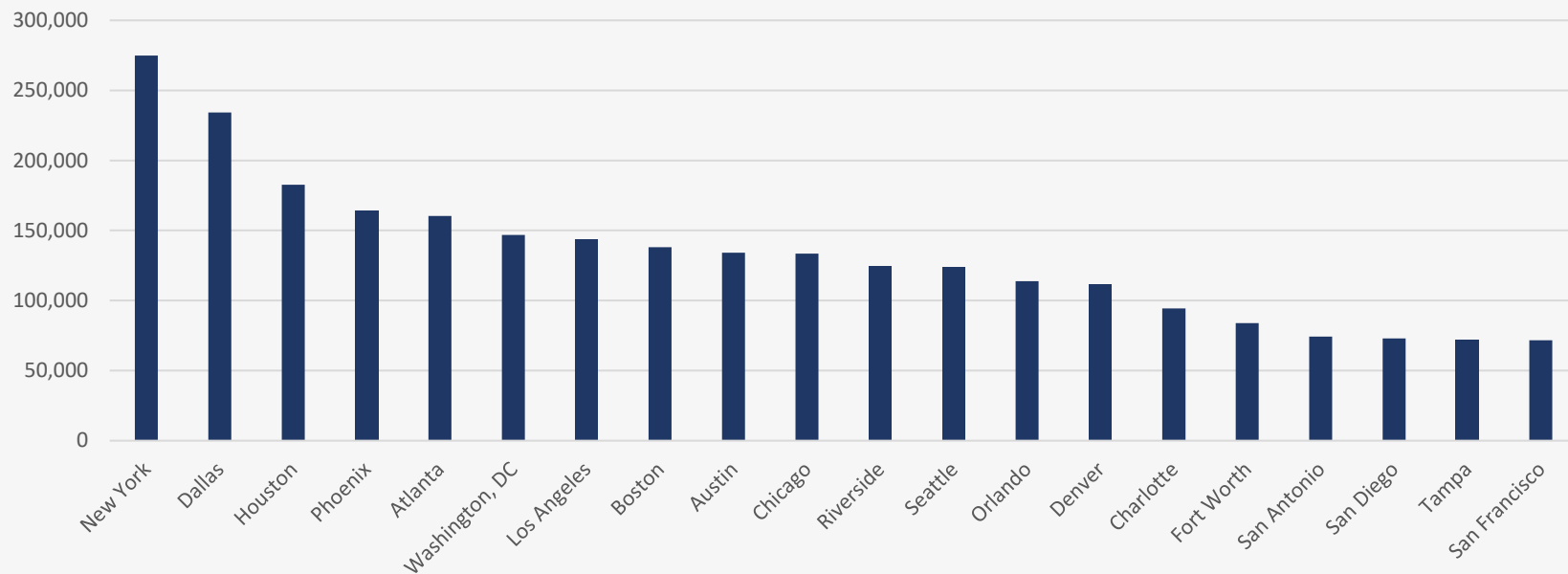
Vacancy Rate (%)



Source: CBRE Research, CBRE Econometric Advisors, Q3 2023.

#9 Larger Markets Will Add Most New Jobs

New Jobs Added (next 5 years), Top 20 Markets



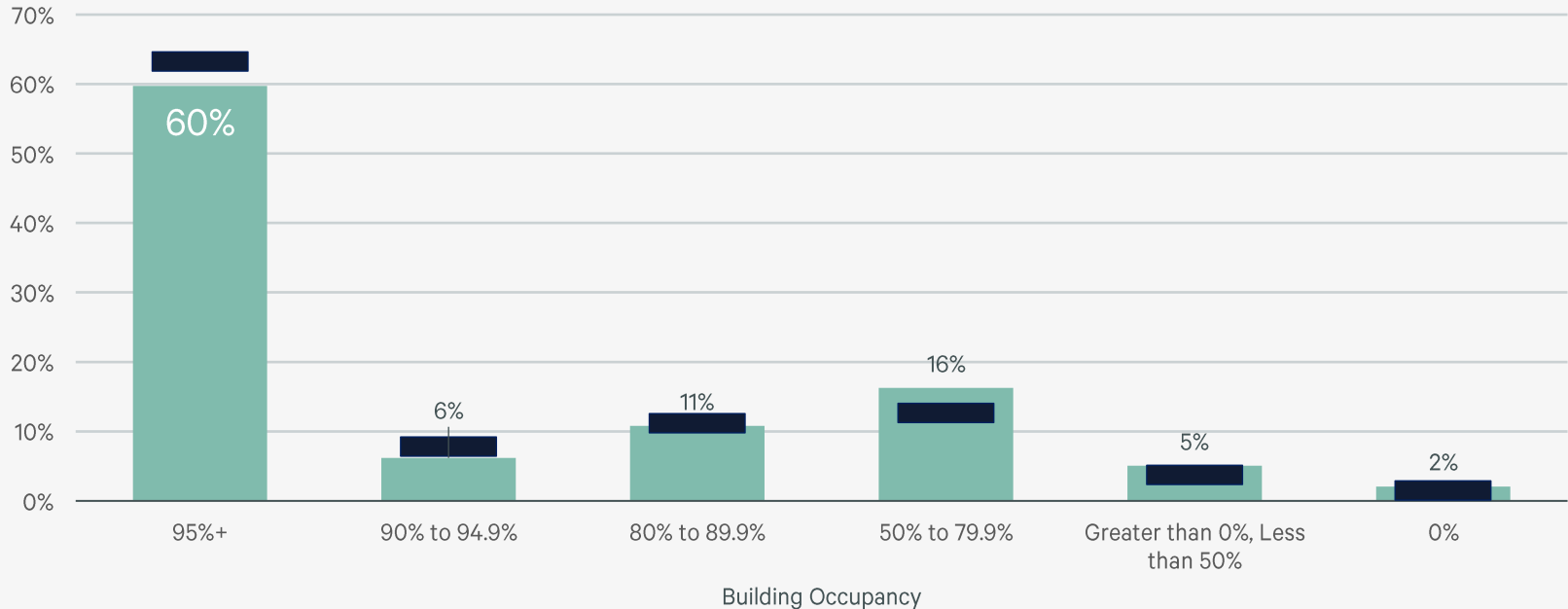
Source: CBRE Research, CBRE Econometric Advisors, Q3 2023.

#10 Most Office Buildings are 95% leased.

Share of U.S. Office Buildings (%)

■ Q2 2023

■ Q1 2020



Source: CBRE Research, CBRE Econometric Advisors, Q2 2023.

Connect with us

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