Economy ... swiftest decline ... then fast recovery ...
Current at 99% of prior peak in 2021 Q1

Annualized GDP in $2012 Billion Dollars

Source: BEA
Massive Savings to be Unleashed … Revenge Spending

<table>
<thead>
<tr>
<th></th>
<th>GDP (% change from a year ago)</th>
<th>Personal Income (% change from a year ago)</th>
<th>Savings (% change from a year ago)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Q2</td>
<td>-9.0%</td>
<td>+10.7%</td>
<td>+302%</td>
</tr>
<tr>
<td>2021 Q1</td>
<td>+0.4%</td>
<td>+15.6%</td>
<td>+158%</td>
</tr>
</tbody>
</table>
Consumers have increasingly shopped online and not at Dept Stores

Source: US Census Bureau
Spending Caution at Restaurants and Recreation … but ready to burst out?

Source: BEA
## Worldwide Comparisons of GDP Growth Rates

<table>
<thead>
<tr>
<th>Country</th>
<th>2020 Q4 from a year ago</th>
<th>2021 Forecast</th>
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</thead>
<tbody>
<tr>
<td>United States</td>
<td>-2.4</td>
<td>+5.5</td>
</tr>
<tr>
<td>Great Britain</td>
<td>-7.3</td>
<td>+5.1</td>
</tr>
<tr>
<td>Canada</td>
<td>-3.2</td>
<td>+4.8</td>
</tr>
<tr>
<td>Euro Area</td>
<td>-4.9</td>
<td>+4.1</td>
</tr>
<tr>
<td>Russia</td>
<td>-1.8</td>
<td>+2.7</td>
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<tr>
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<td>-1.1</td>
<td>+3.1</td>
</tr>
<tr>
<td>India</td>
<td>+0.4</td>
<td>???.</td>
</tr>
<tr>
<td>Japan</td>
<td>-1.4</td>
<td>+2.7</td>
</tr>
<tr>
<td>Taiwan</td>
<td>+5.1</td>
<td>+4.5</td>
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Source: The Economist Magazine
## Global GDP Growth Rate

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<td>Taiwan</td>
<td>+5.1</td>
<td>+4.5</td>
</tr>
<tr>
<td>China</td>
<td>+18.3</td>
<td>+8.5</td>
</tr>
</tbody>
</table>

Source: The Economist Magazine
GDP Comparison U.S. versus China

Economy is fully back ... But not Jobs ... 94% of prior peak ... need 8 million more jobs to reach pre-pandemic levels
Monthly Job Additions ... Stimulus Passage

Source: BLS
Year-over-year Percent Change in Nonfarm Payroll Employment in March 2021

[Map showing percent changes across states, with states such as WA -4.8, OR -6.0, ID 1.4, UT 0.9, CA -7.7, AK -7.3, and others, with varying shades representing the percent changes from -16.0 to 16.0.]
Consumer Price Inflation Crosses 2% ... who cares?
Gasoline Prices up 22% ... 5-year high

Source: BLS
Primary Rent (and owner’s rent) had been decelerating ... but will soon pick up?
Apartment rents have declined in gateway cities but have increased in 93% of metro areas as of April 2021.
Rental Households ... collapsed ... now returning

Source: Census
Another Inflation Pressure ... Producer Prices on Construction Materials

Source: BLS
Mortgage Rates Rising ... 10-year Treasury Rates Rising ... Fed Funds Rate Holding
Office Absorption

Source: Cushman-Wakefield
Workers are slowly returning to the office

Percent of Employed Who Teleworked

- **Workers 16 years old and over**

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<thead>
<tr>
<th>Date</th>
<th>Percent</th>
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<tr>
<td>2019-20-May</td>
<td>5.7</td>
</tr>
<tr>
<td>2019-20-Jun</td>
<td>35.4</td>
</tr>
<tr>
<td>2019-20-Jul</td>
<td></td>
</tr>
<tr>
<td>2019-1-Aug</td>
<td></td>
</tr>
<tr>
<td>2019-1-Sep</td>
<td></td>
</tr>
<tr>
<td>2019-1-Oct</td>
<td></td>
</tr>
<tr>
<td>2019-1-Nov</td>
<td></td>
</tr>
<tr>
<td>2019-1-Dec</td>
<td></td>
</tr>
<tr>
<td>2020-1-Jan</td>
<td>21</td>
</tr>
<tr>
<td>2020-2-Feb</td>
<td></td>
</tr>
<tr>
<td>2020-3-Mar</td>
<td></td>
</tr>
</tbody>
</table>

Source: US Census Bureau American Community Survey and Bureau of Labor Statistics Supplemental Survey
Kastle System Key Barometer ... Back to Office ... Dallas 40% ... SF and NY 15%
More than half of NAR commercial members reported more companies leasing smaller offices and < 2 year lease terms

Source: NAR Commercial Real Estate Quarterly Market Survey conducted in collaboration with RLI, SIOR, CCIM, IREM, CRE

Percent of REALTOR® respondents who reported "More" companies leasing smaller square footage due to working from home:

- 2020.Q3: 62%
- 2020.Q4: 69%
- 2021.Q1: 70%

Percent of REALTOR® respondents who reported "More" short-term office leases of 2 years or less:

- 2020.Q3: 59%
- 2020.Q4: 63%
- 2021.Q1: 57%
Positive Absorption in Industrial/Warehouses

Net absorption in million square feet

- 2019 Q1
- 2019 Q2
- 2019 Q3
- 2019 Q4
- 2020 Q1
- 2020 Q2
- 2020 Q3
- 2020 Q4
- 2021 Q1

Cushman and Wakefield
Retail Space ... Surprisingly Resilient ... moving around zero change

Net absorption in million square feet

Cushman and Wakefield
Vacancy rates: High in Office … Low in Industrial … Steady in Multifamily and Retail

Vacancy Rates

2019 Q1 2019 Q2 2019 Q3 2019 Q4 2020 Q1 2020 Q2 2020 Q3 2020 Q4 2021 Q1

Office: 13.5% 16.4%
Industrial: 5.1% 4.9%
Retail (Shopping Centers): 0.0% 2.0%
Multifamily: 4.0% 6.0%
Commercial sales volume in 2021 Q1 down 28%

Quarterly Sales Volume (YoY % Chg) as of 2021 Q1

REALTOR® CRE Markets

$2.5+M Market

Real Capital Analytics; NAR quarterly commercial survey conducted in collaboration with RLI, SIOR, CCIM, IREM, CRE
But strong demand for land and industrial real estate

YoY % Change in the Dollar Commercial Sales Volume in 2021 Q1 Among NAR Commercial Members

Source: 2020 Q1 NAR Commercial Real Estate Quarterly Market Survey in collaboration with RLI, SIOR, CCIM, IREM, CRE
Commercial Properties have more Equity and less Debt ... Low Interest Expense ... Lower Risk of Blowups

Source: NAREIT
<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>2.3%</td>
<td>-3.5%</td>
<td>+4.5%</td>
</tr>
<tr>
<td>Job Gains</td>
<td>+2 million</td>
<td>- 9 million</td>
<td>+ 4 million</td>
</tr>
<tr>
<td>10-Year Treasury</td>
<td>2.1%</td>
<td>0.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Consumer Price Inflation</td>
<td>1.8%</td>
<td>1.3%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Source: NAR
## Commercial Real Estate Vacancy Forecast

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021 Forecast</th>
<th>2022 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multifamily</td>
<td>6.8</td>
<td>6.3</td>
<td>6.2</td>
<td>6.1</td>
</tr>
<tr>
<td>Industrial</td>
<td>4.8</td>
<td>5.1</td>
<td>4.8</td>
<td>4.6</td>
</tr>
<tr>
<td>Retail</td>
<td>10.7</td>
<td>12.5</td>
<td>13.0</td>
<td>11.5</td>
</tr>
<tr>
<td>Office</td>
<td>12.9</td>
<td>14.2</td>
<td>16.7</td>
<td>16.5</td>
</tr>
</tbody>
</table>

Source: NAR
Pandemic … Sweeping Changes? … Repurposing Properties …

Examples

Residence Inn by Marriott in Winston Salem, NC
88-room extended-stay hotel converted into resort-style living apartments (2-bedroom unit starting at $900) in 2020 using private development financing

Days Inn in Branson, Missouri
423-room converted into affordable housing (1-bedroom rent at $695) in 2020 using private development financing

Luna Lodge in Albuquerque, Mexico
28-room hotel on the National Register of Historic Places converted into a low-income housing (1-bedroom rent at $535) in 2013 using Historic Tax Credit

Source: 2021 NAR Survey on Conversion of Hotels/Motels for Multifamily Housing
Why Keep Section 1031?

Capital is put to its best use (example: vacant hotel/motel converted into multifamily housing)

Encourages more investment in the replacement property
89% of NAR commercial members reported that their client invested at least 10% of the fair market value of the replacement property

Supports small businesses
47% of businesses that held the property exchanged for a like-kind exchange were sole proprietorships, only 5% were C-corporations

Speed up the CRE market recovery
90% of respondents reported that commercial property values would decline if Section 1031 tax deferral were repealed

Source: NAR Survey on Section 1031 Transactions of NAR Members in 2016-2019
Global Capital is Going into Primary and Secondary Cities

Cross-Border Flows in U.S. Commercial Real Estate in 2021 in Million Dollars

- Manhattan: $3,946
- Seattle: $2,583
- San Francisco: $1,686
- Dallas: $1,577
- Atlanta: $1,497
- Los Angeles: $1,228
- Chicago: $1,149
- Denver: $941
- Boston: $939
- Phoenix: $937
- Inland Empire: $775
- Sacramento: $768
- Austin: $737
- Raleigh/Durham: $649
- NYC Boroughs: $623
- Philadelphia: $618
- San Jose: $604
- DC: $579
- San Diego: $572
- DC MD burbs: $559
- DC VA burbs: $540
- Miami/Dade Co: $516
- East Bay: $495
- Indianapolis: $410
- Houston: $403

Source: Real Capital Analytics
THANK YOU

THAT’S WHO WE