AFIRE

THE GLOBAL VIEW OF US REAL ESTATE

07 NOVEMBER 2022 / CHICAGO

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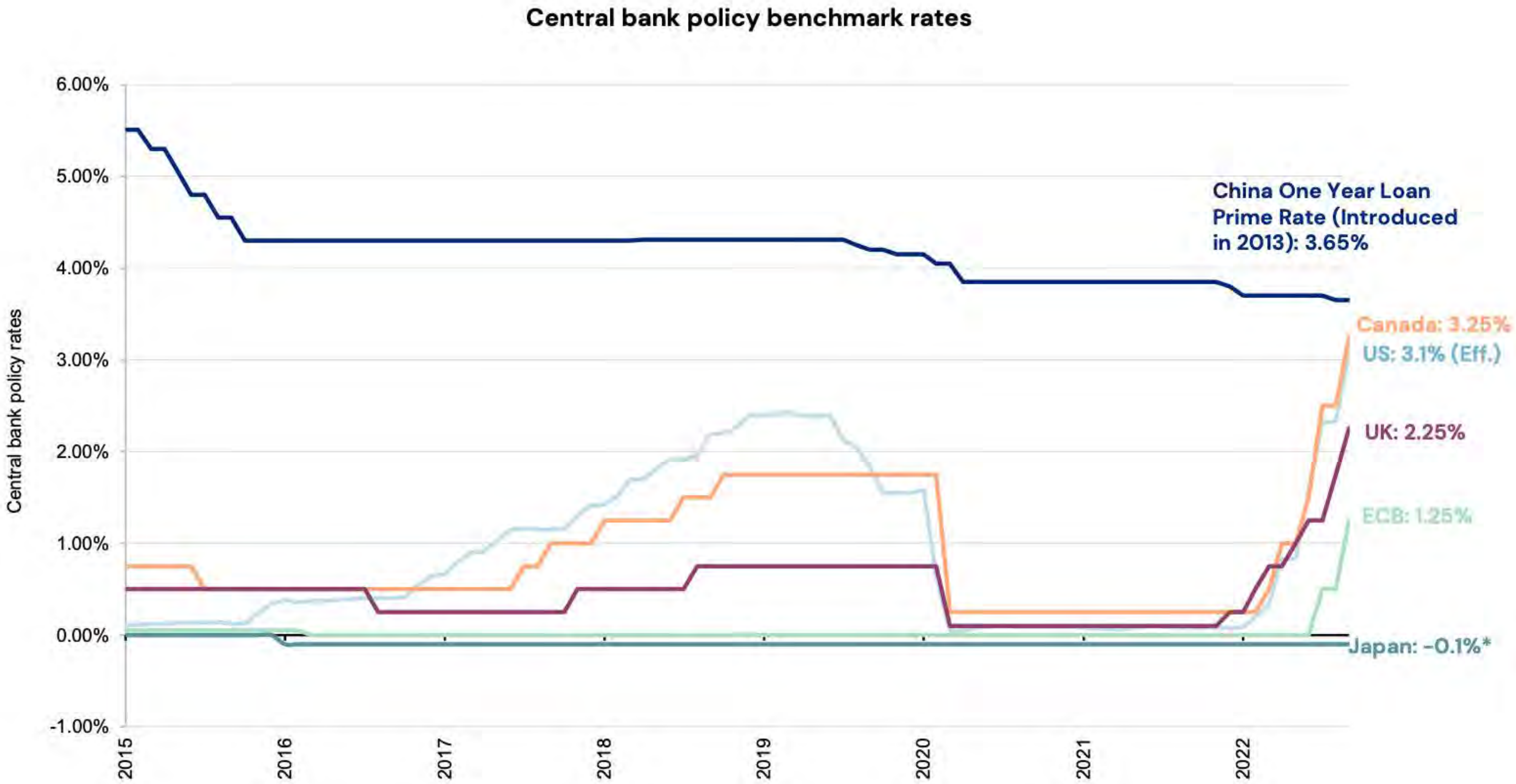
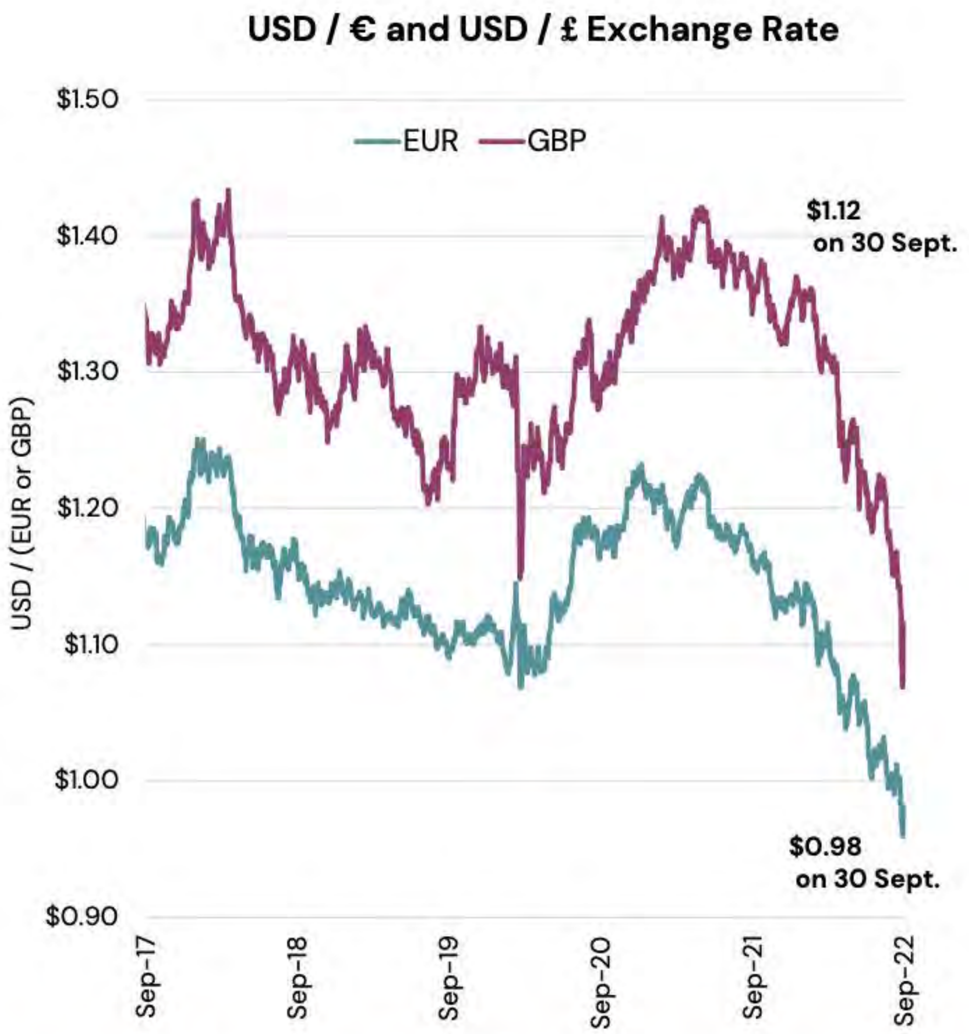
What Do We See From Here?

Central Bank Rate Hikes



Note: Effective Fed Funds rate shown rather than target range. ECB main refinancing rate shown. *Negative interest rates in Japan apply to marginal increases to reserves. Japan cash rate / complementary Deposit Facility
Source: Bloomberg, LaSalle. Data through 29 Sept. 2022. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

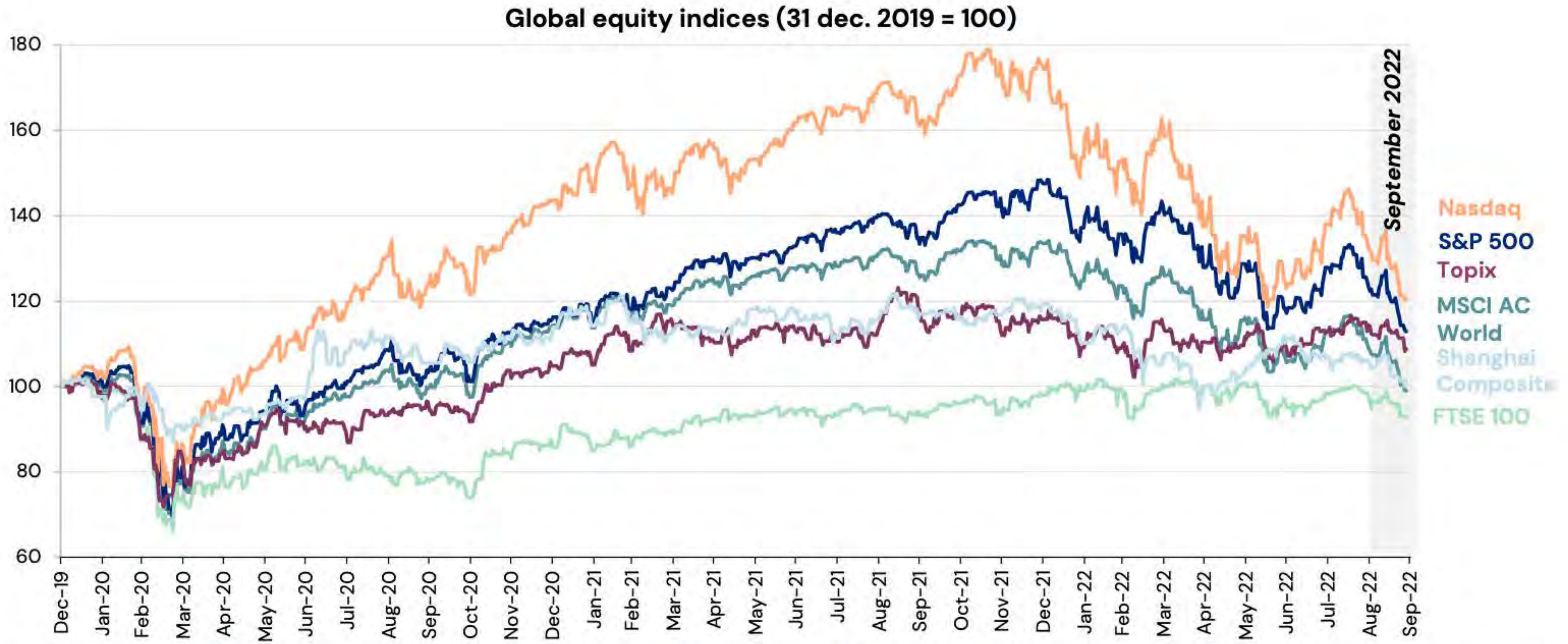
UK Pound and Euro Approx. Parity with US Dollar



The speed of currency moves in September was unusual and driven in part by the hawkish Fed and expansionary UK budget. USD strength exacerbates inflationary pressure in Europe and Japan, while also making their exports more competitive. particularly given oil is priced in USD.

Source: Bloomberg. Latest data available as of 30 September 2022. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Global Equity Selloff

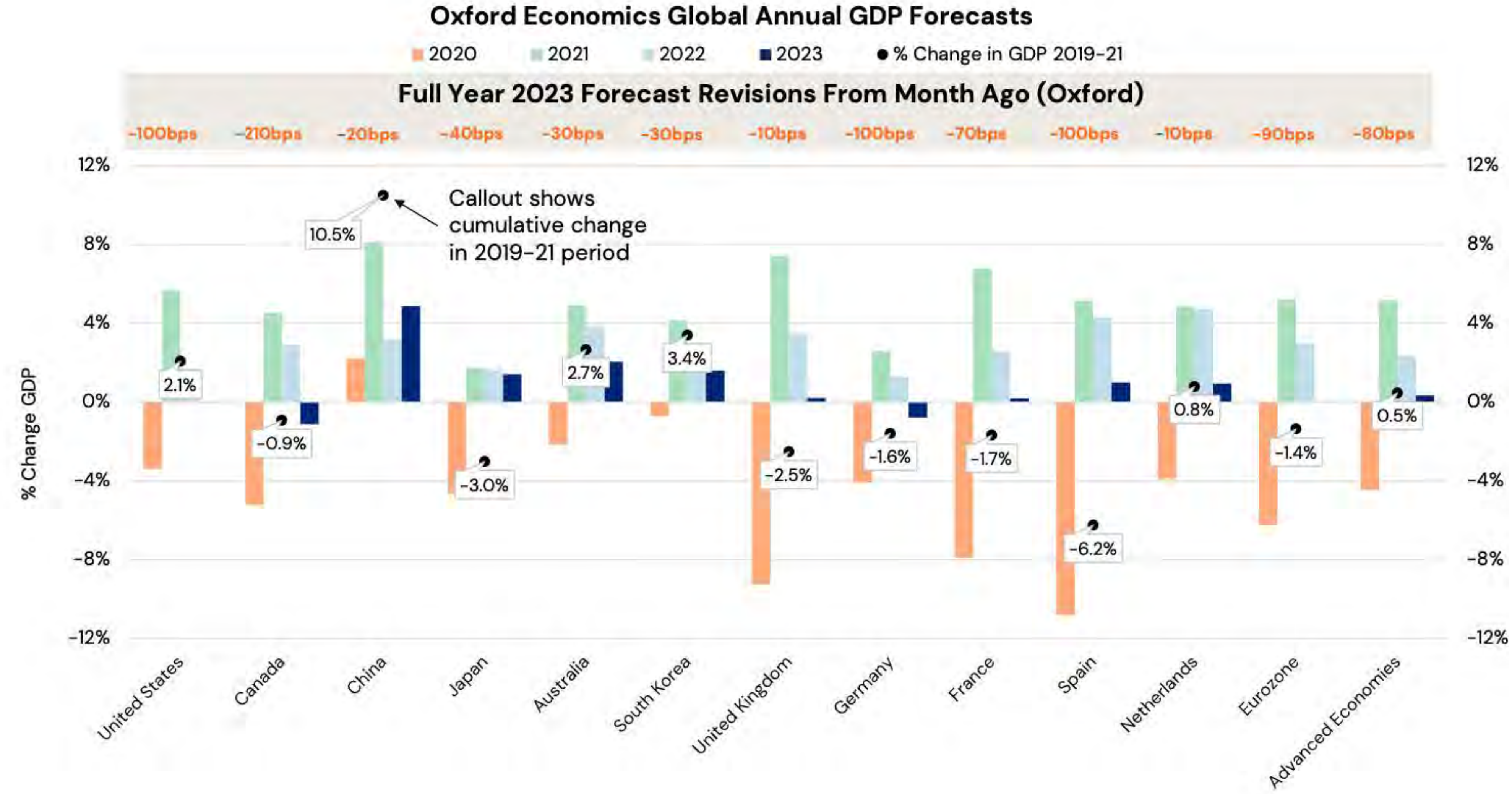


Sept. change	-10.7%	-9.9%	-11.0%	-5.5%.	-5.8%.	-5.7%
	MSCI All Country World	S&P 500	Nasdaq	FTSE 100	Topix (Japan)	Shanghai Composite

Stocks rallied from mid-June through mid-August, gaining 13% between June 18th and August 16th. But they have since shed 15%.

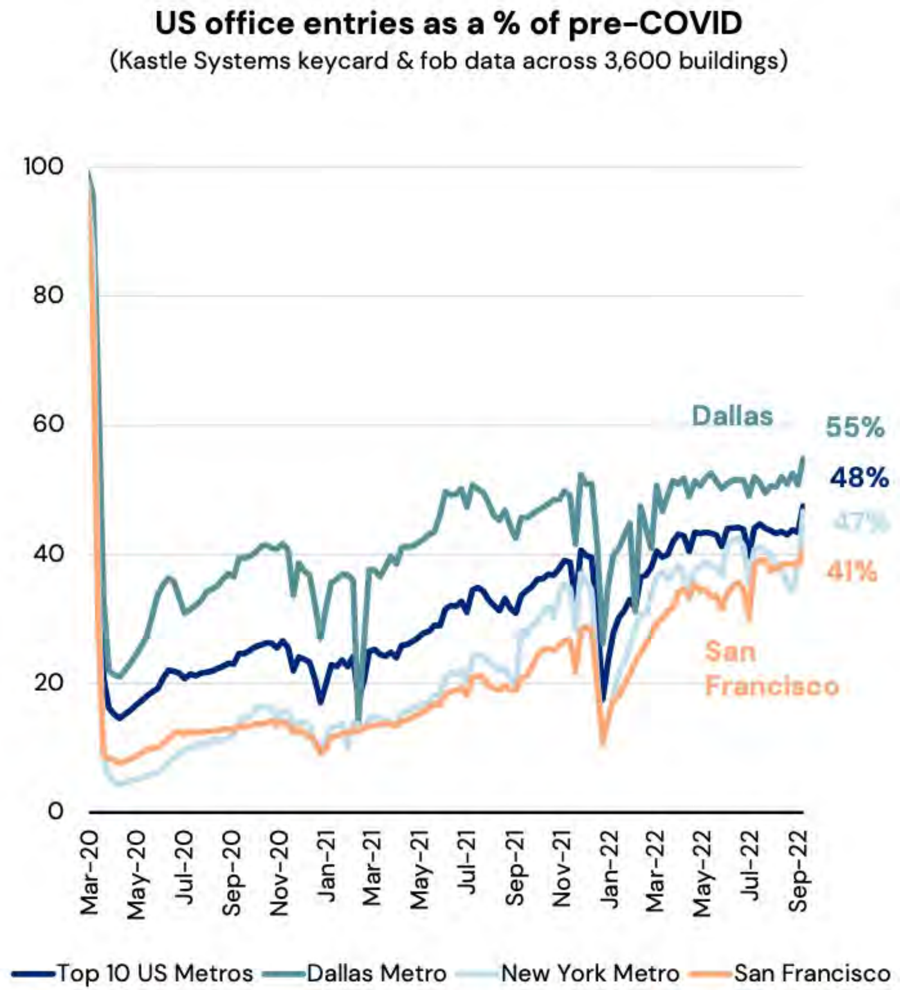
Source: Bloomberg. Data through 30 September 2022.
Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

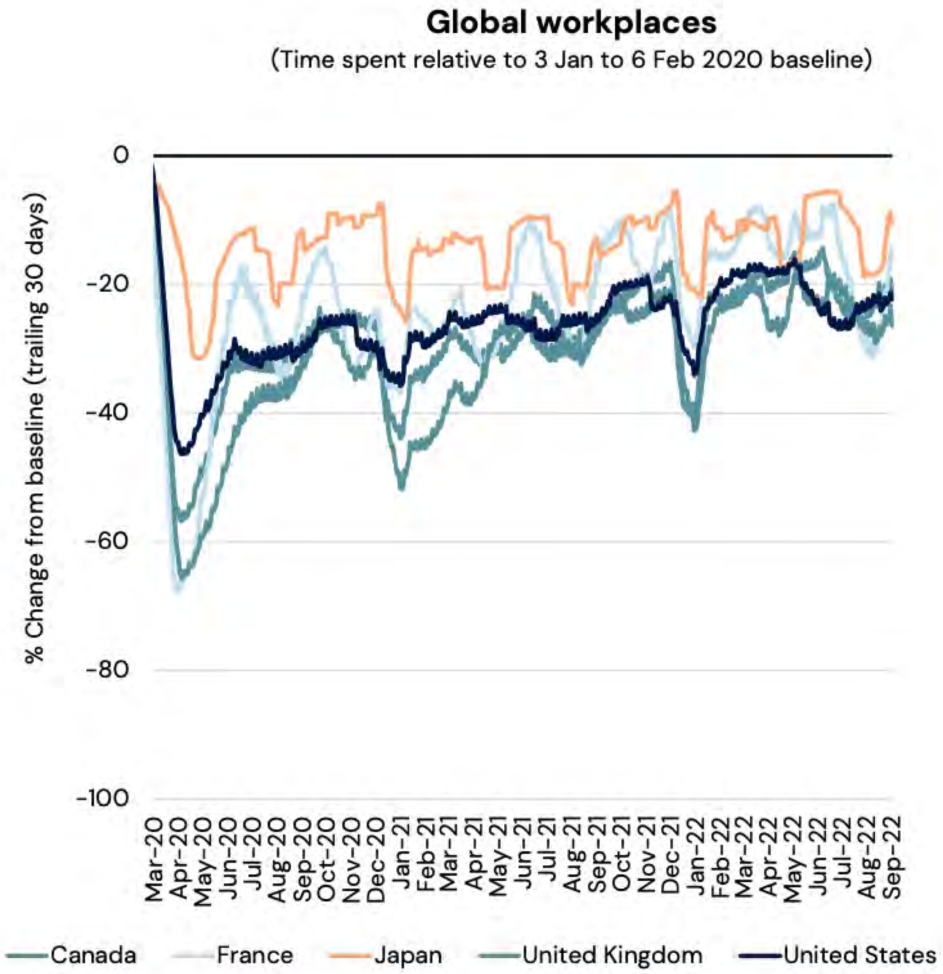
Weakening 2023 GDP Forecasts



*Aggregation based on Oxford Economics country classification: https://services.oxfordeconomics.com/api/definitions/WDMacro/GlobalMacroEconomicDatabank.pdf
Source: Oxford Economics Forecast most recent as of 21 September 2022. Data most recent as of 28 September 2022

Where is Everybody?

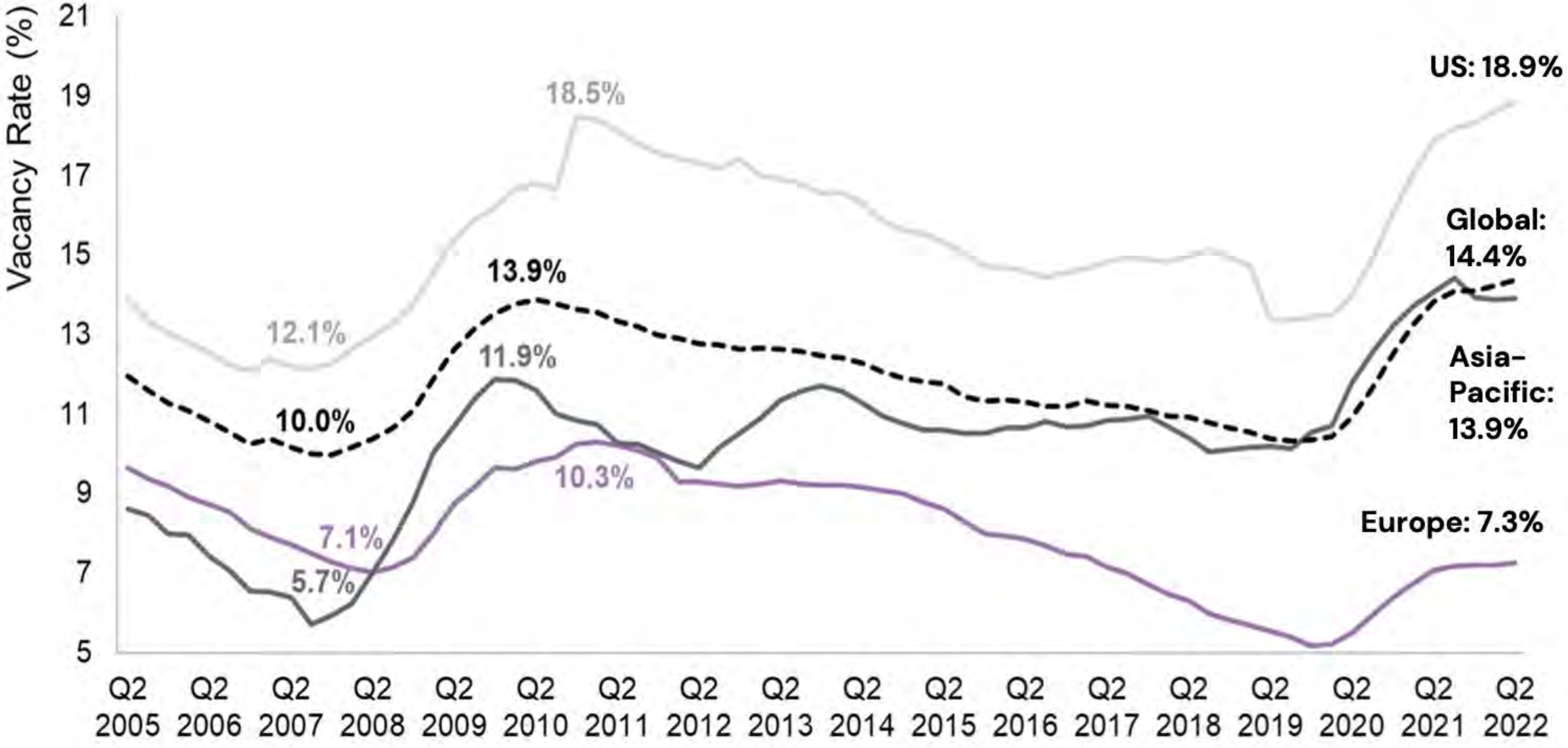




Kastle data showed 48% of US pre-pandemic workers were physically at the office during the week of September 14th, an improvement from 43% one month before. Note that this data reflects average occupancy during the week, not peak occupancy (e.g. if all workers came in 3 of 5 working days each week it would be at 60%). Across all workplaces (not just office workers), the return to work shown in the right graph above is higher at 80-90%.

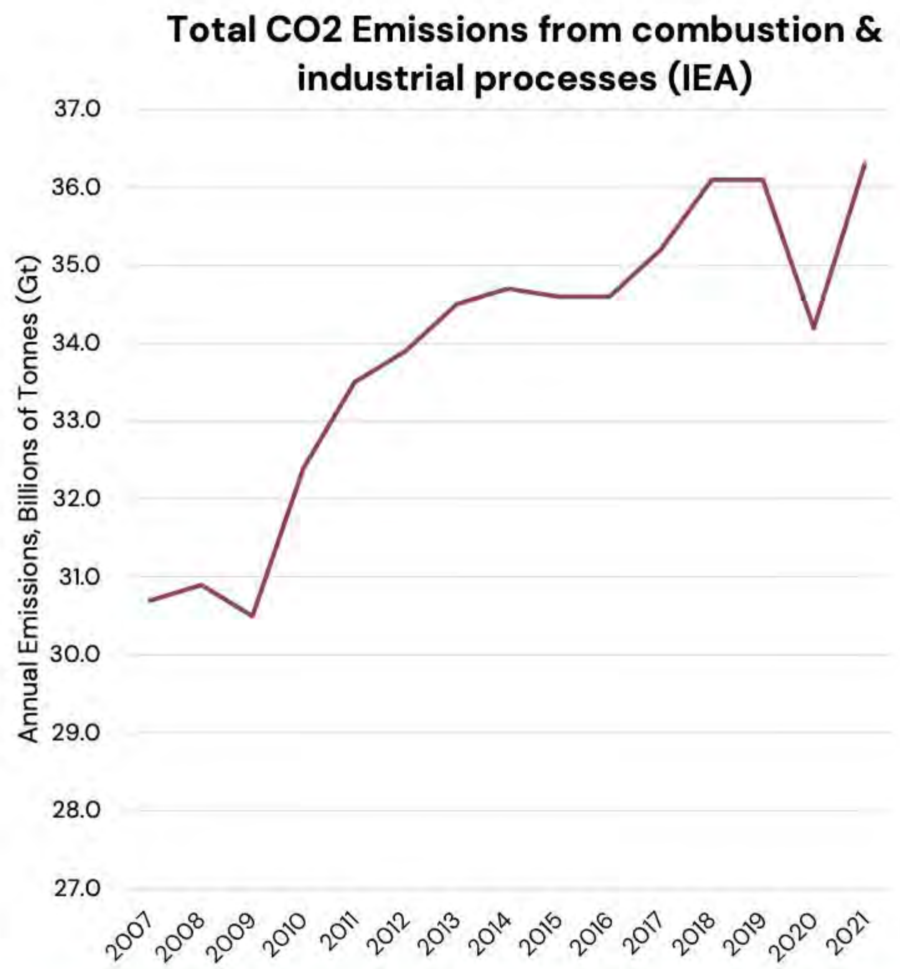
Source: Kastle Systems. Weekly Kastle data to September 2022 shown. Google Mobility data to 20 September 2022. Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

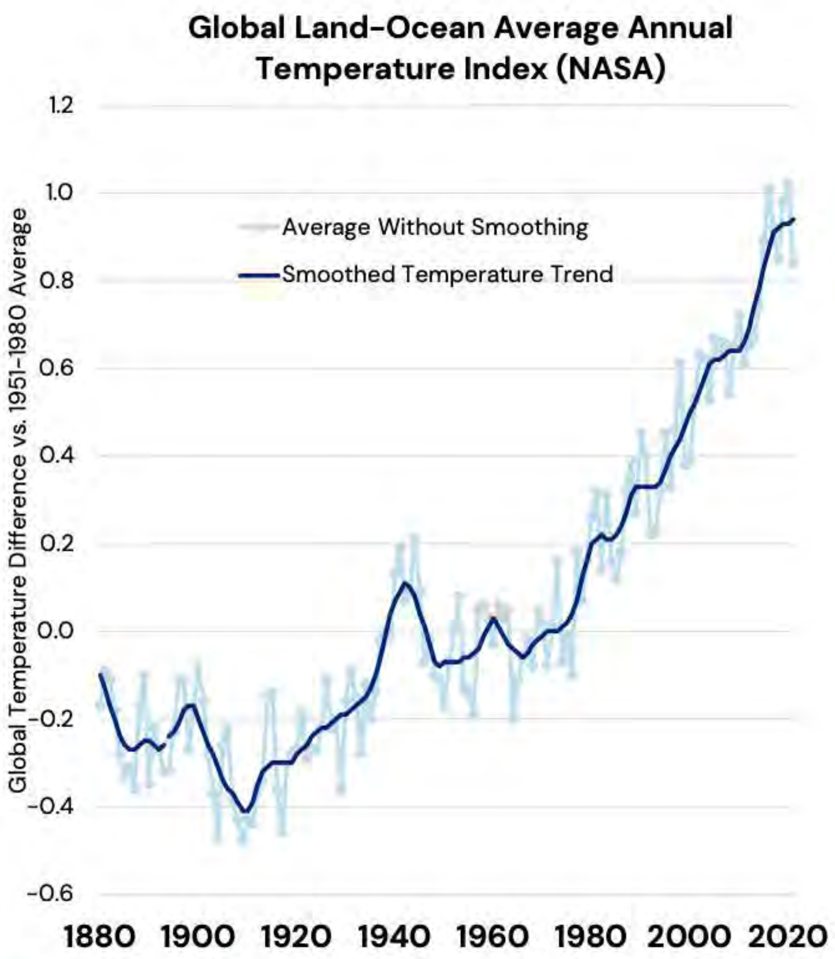
Office Vacancy Climbing



Source: JLL Research, as of July 2022. 57 markets in the U.S., 23 markets in Europe, 25 markets in Asia Pacific. Grade A space vacancy only for Asian markets
Past performance is not necessarily indicative of future results. There is no guarantee that any trends shown herein will continue

Climate Crisis Back on Escalator





IEA data shows the largest emitters by country are China (11.9 Gt), followed by the US (4.6 Gt) and European Union (2.7 Gt). The IEA estimates that, by source, coal accounts for the highest share of emissions – 42% of total carbon emissions.

IEA Global Energy Review 2022, NASA.
Most recent data available as of September 2022. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Global Conflict

X

1 Q 2022 P O V

81%
Believe the pandemic has permanently altered culture and live-work preferences

76%
Express optimism and planned net increase for investment into the US in 2022

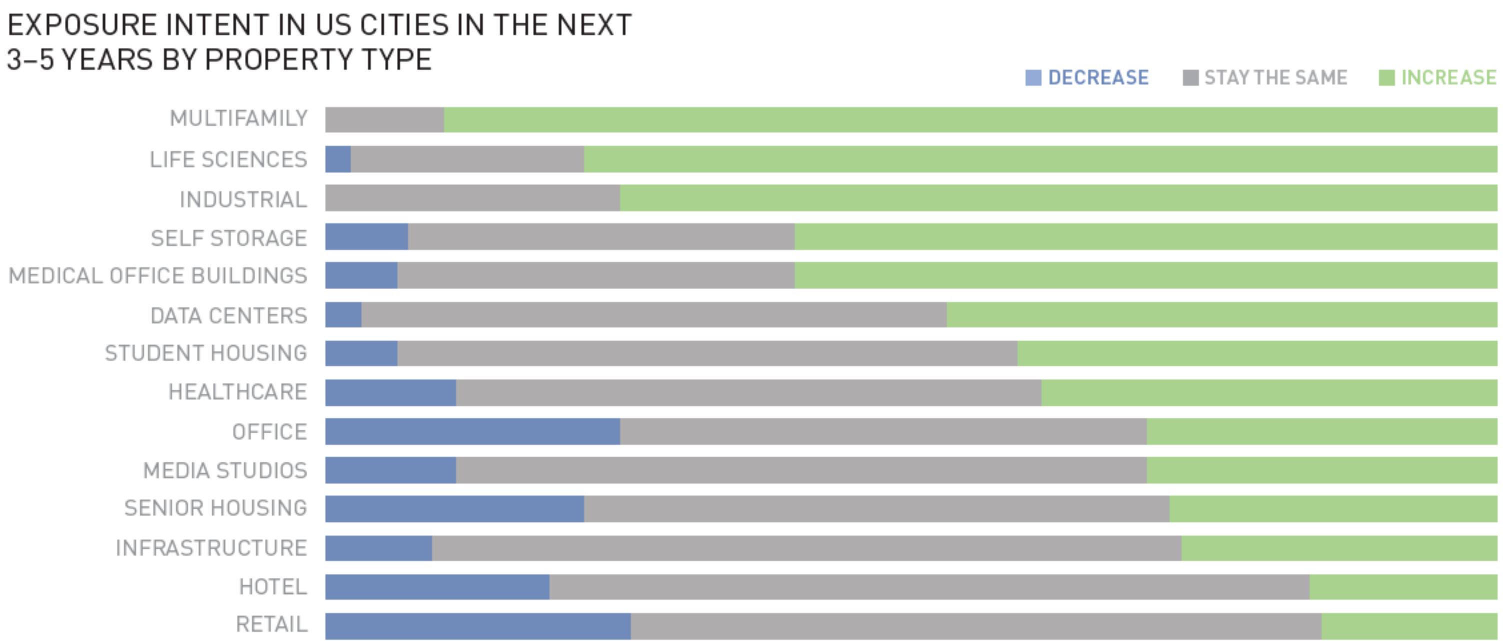
71%
Planned investment increase into secondary US cities over next five years

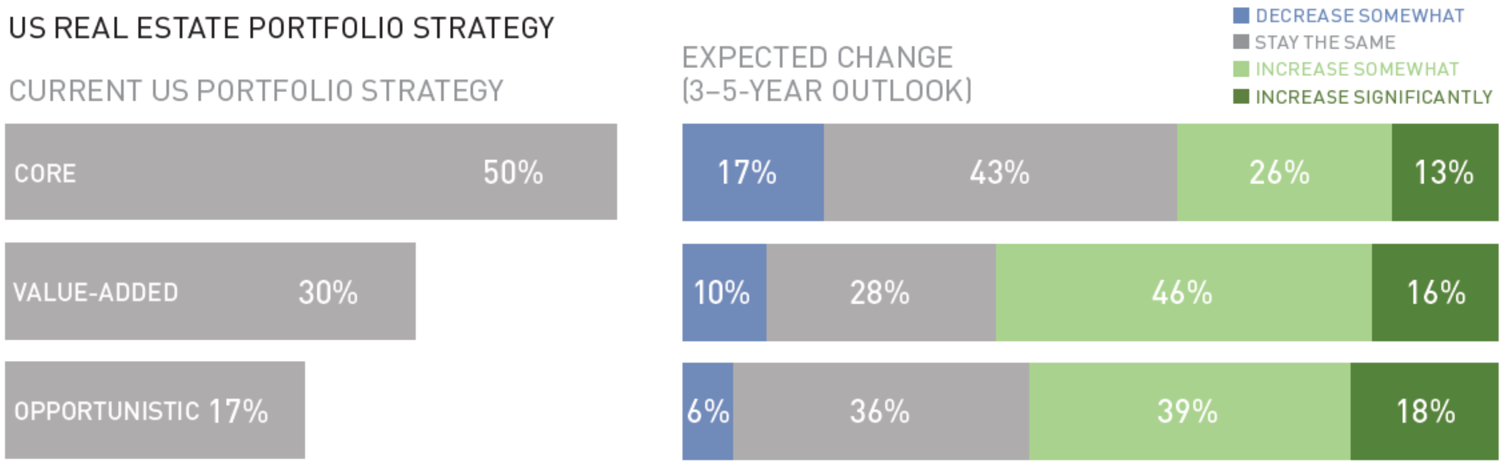
Atlanta, Austin, Boston, Dallas
Estimated allocation for US investment in 2022, per respondent

Multifamily, Industrial, Life Sciences, Storage
Estimated allocation for US investment in 2022, per respondent

Climate Change, Housing, Affordability
Front-of-mind for investors' social concerns, driving enhanced ESG priorities

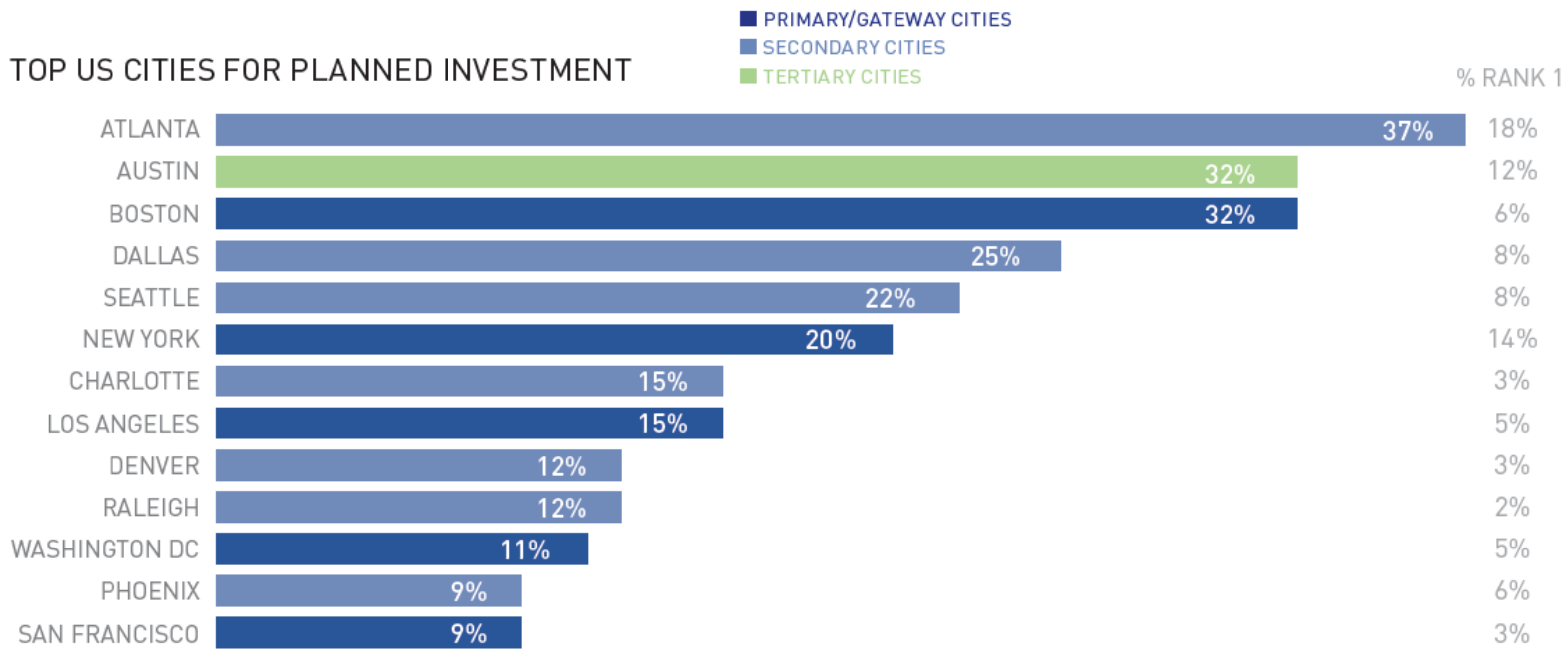
Shift to Multi-Family & Value Add

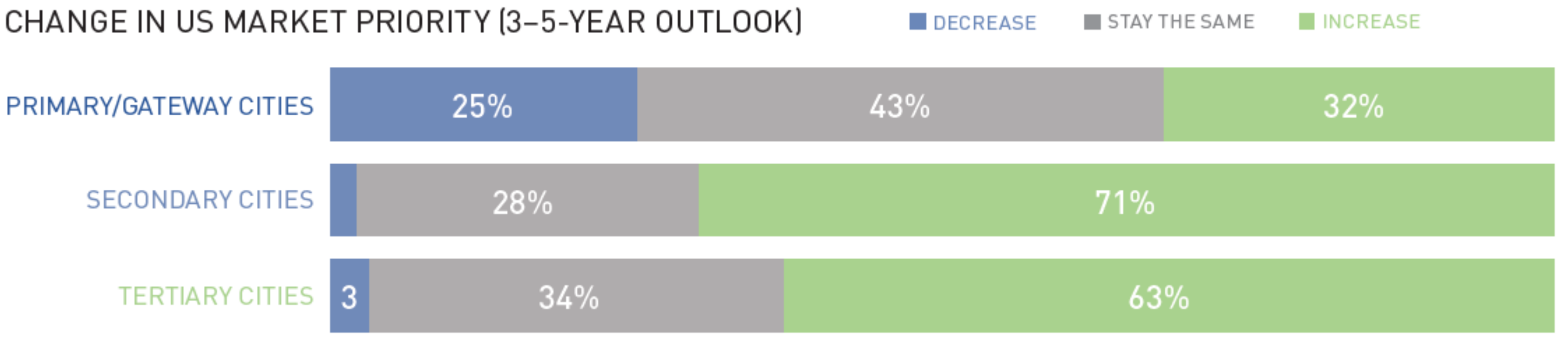




Source: AFIRE 2022
International Investor Survey

Shift to Secondary Markets





Source: AFIRE 2022
International Investor Survey

3 Q 2022 P O V

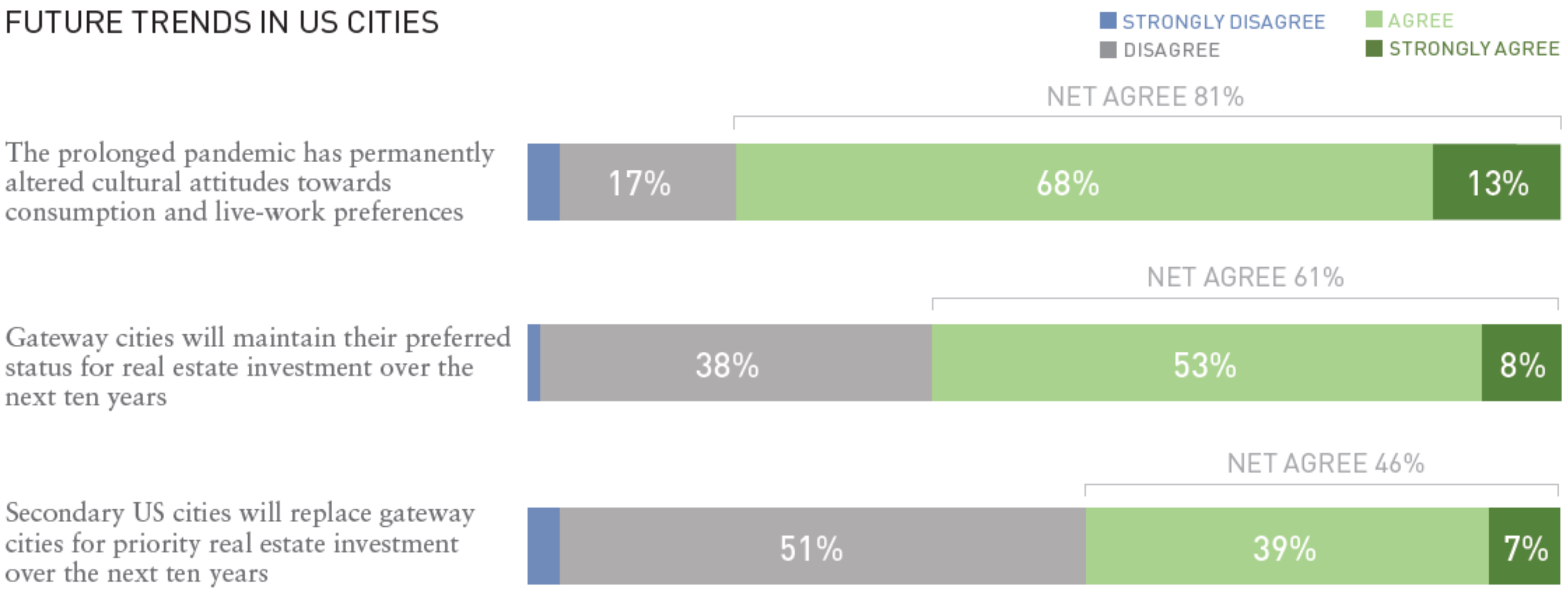
56%

of respondents believed that the industry was behind allocations for US real estate investments in 2022

80%

communicated that the impact of inflation and rising interest rates was worse than expected

Shift in Expectations



Source: AFIRE 2022
International Investor Survey

What is the Impact?

RANK THE FOLLOWING FACTORS, FROM MOST TO LEAST IMPORTANT, FOR THEIR CURRENT PERCEIVED IMPACT ON INCREASING CROSS-BORDER INVESTMENT ACTIVITY:

	NET AGREE	US-BASED INVESTORS	NON-US-BASED INVESTORS	US VS NON-US
The global energy crisis will accelerate efforts to address the ESG agenda.	82%	81%	83%	-2%
Global economic uncertainty will severely impact real estate deal-making in Europe.	80%	75%	87%	-12%
Geopolitical conflicts in Europe and Asia will have increasing negative impact on global real estate investing.	79%	69%	91%	-22%
The US will enter recession within the next year.	77%	92%	67%	+25%
Any future US recession will be less severe than that experienced in the 1970s.	77%	72%	74%	-2%
Global economic uncertainty will severely impact real estate deal-making in the US.	52%	44%	65%	-21%
Global carbon neutrality will ultimately be reached primarily because of economic pressure rather than regulatory pressure.	47%	42%	52%	-10%

Source: AFIRE 2022 3Q Pulse Survey

+ & - ?

Source: AFIRE 2022 3Q Pulse Survey

The Road Ahead

AFIRE


INDIAN OCEAN
INDIA
CHINA
(People's Republic)
KAZAKHSTAN
SAUDI ARABIA