



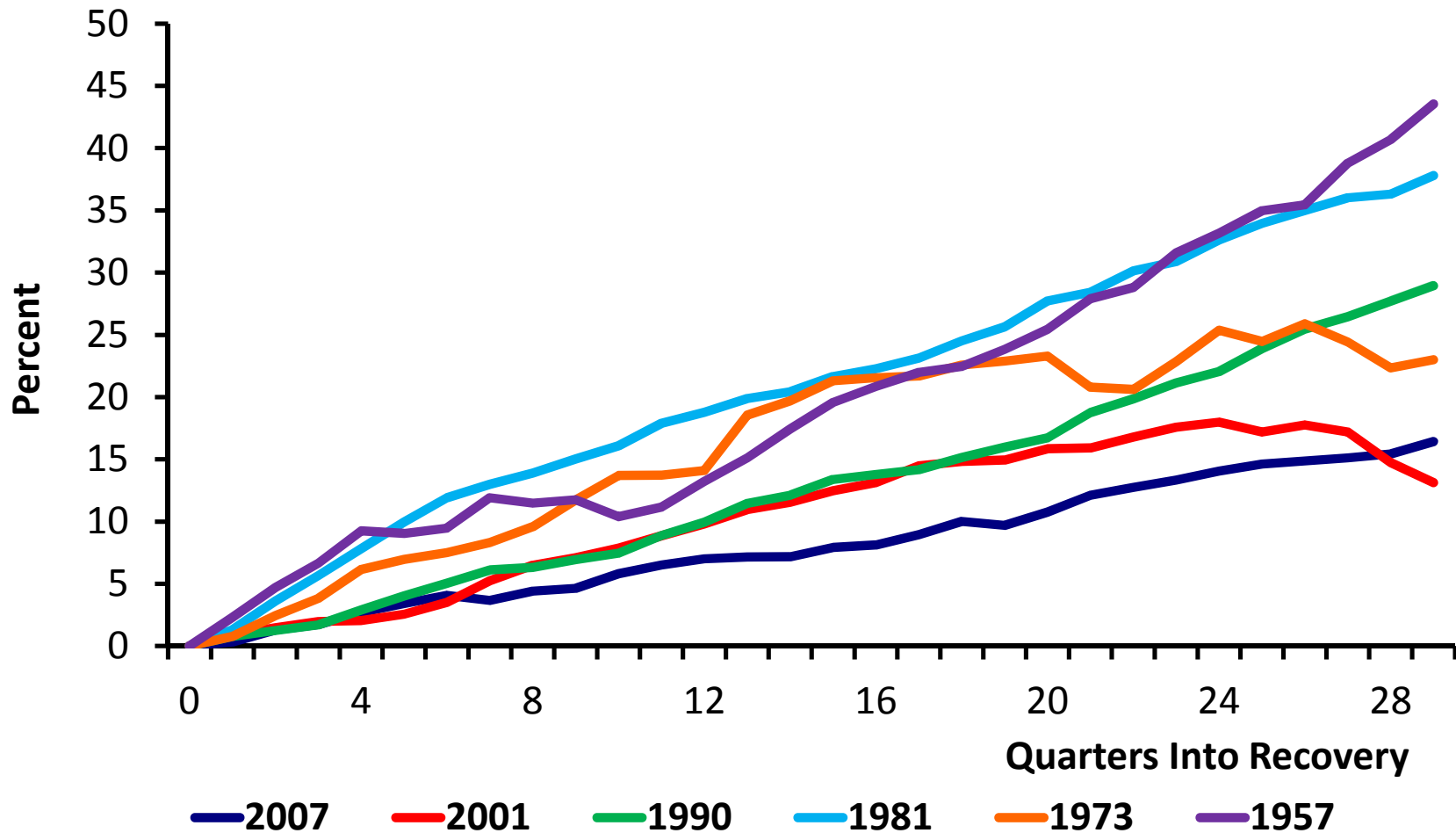
PA/NJ/DE CCIM

Dr. Peter Linneman, CEO

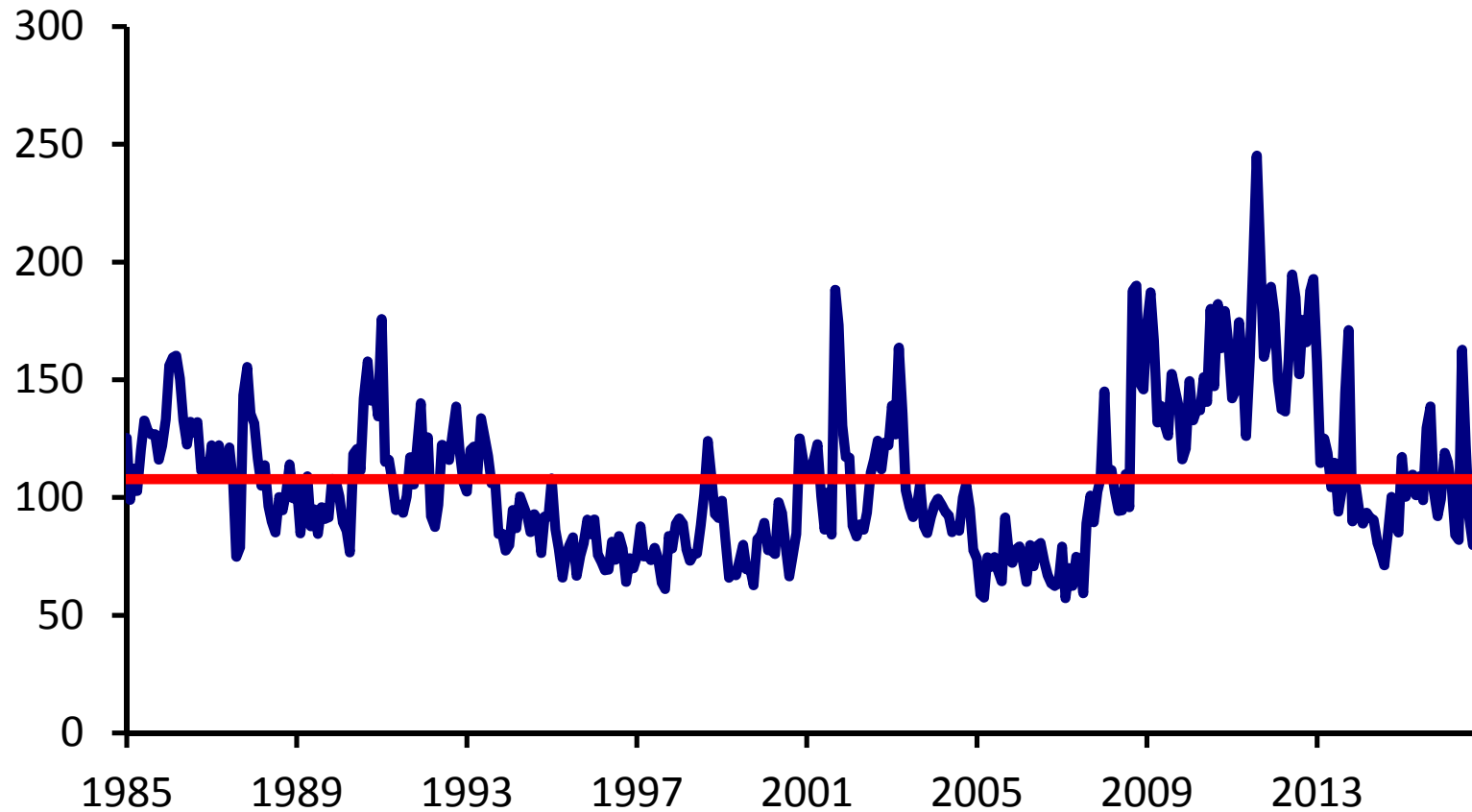
Linneman Associates

January 18, 2016

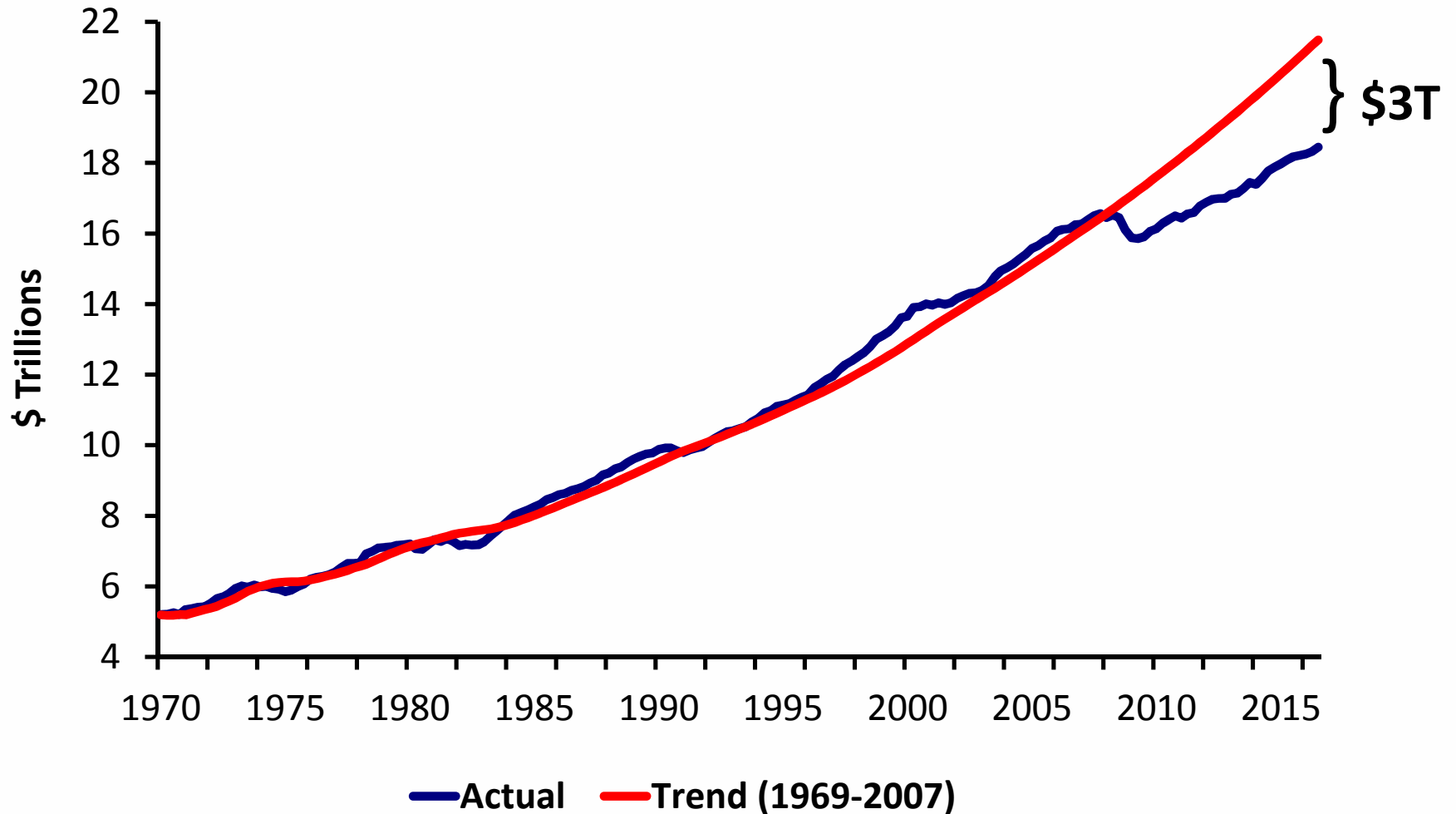
Cumulative Percent Increase in Real GDP from Start of Recovery: Remains A Very Weak Recovery



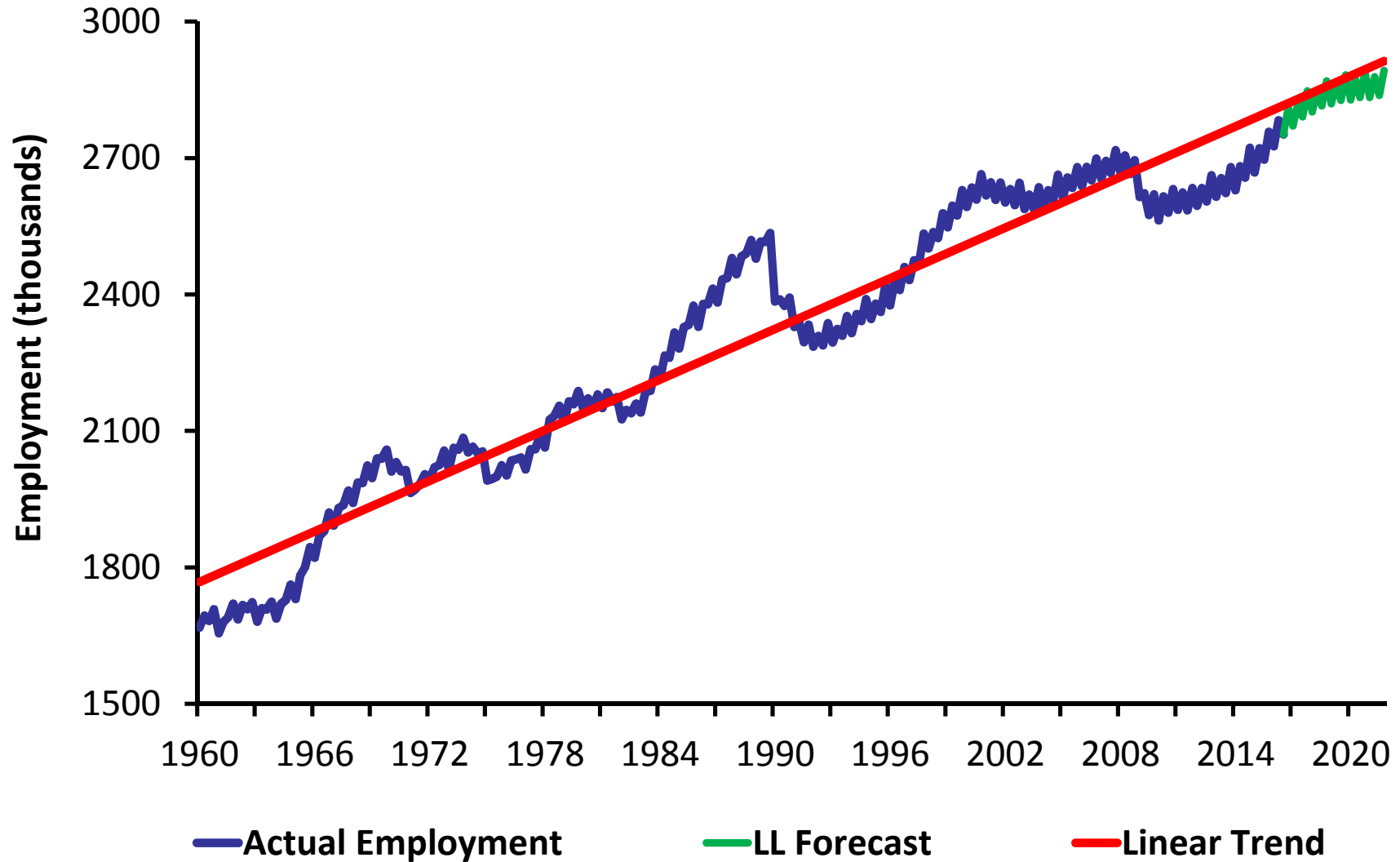
Economic Policy Uncertainty Index: Election Jitters



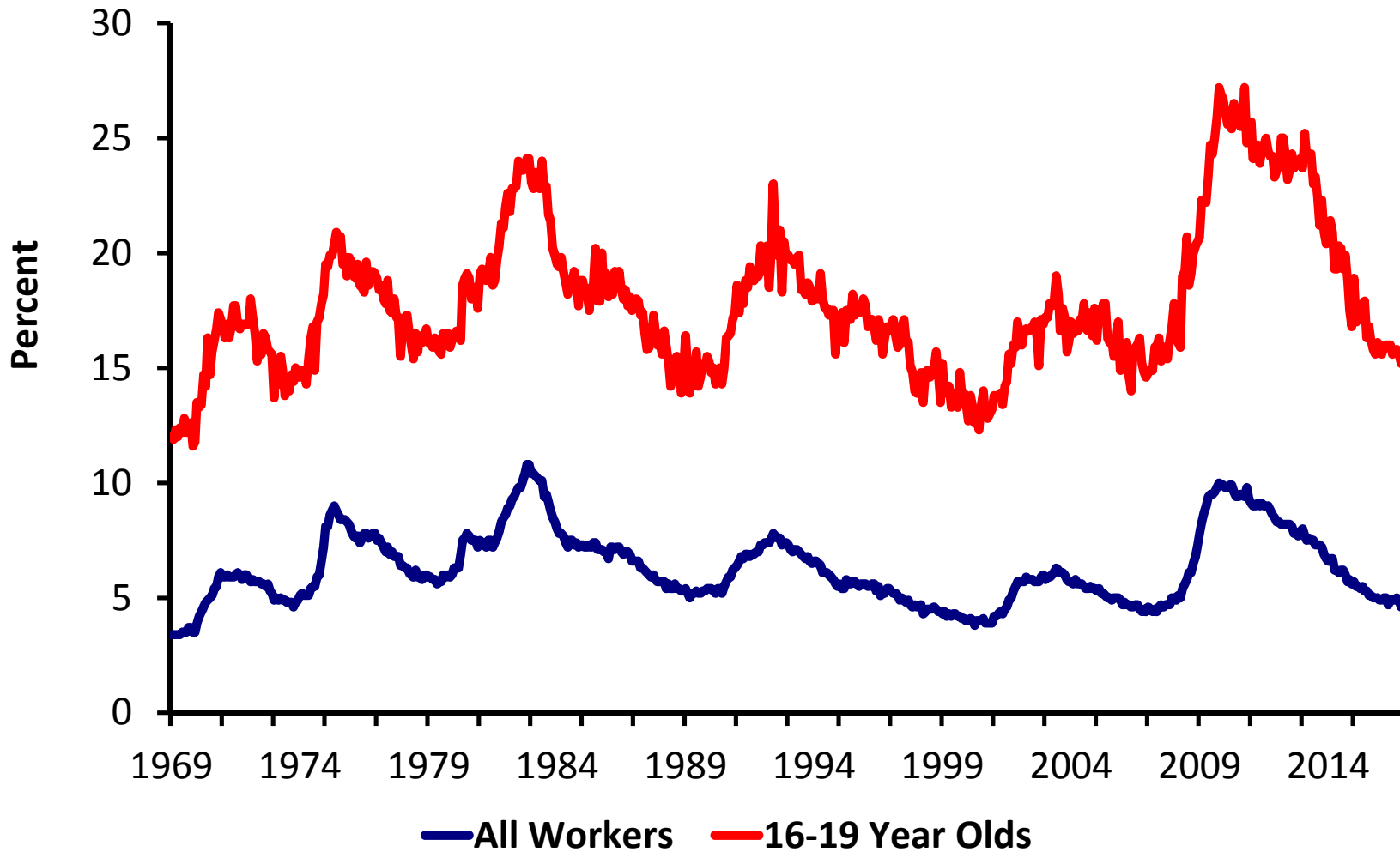
Actual vs. Trend Real GDP: A Huge Gap Mostly About Housing



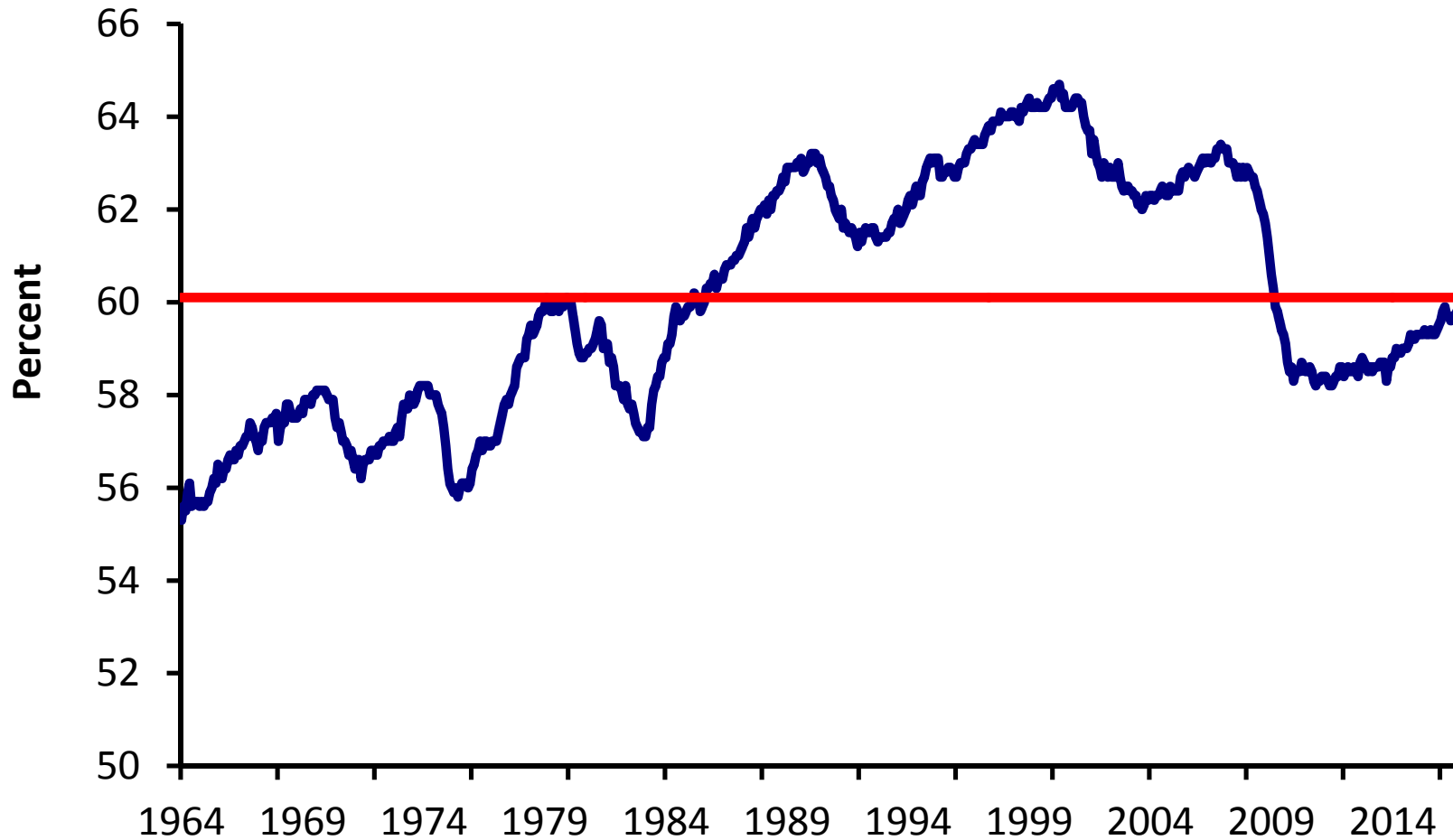
Philadelphia MSA Employment Forecast



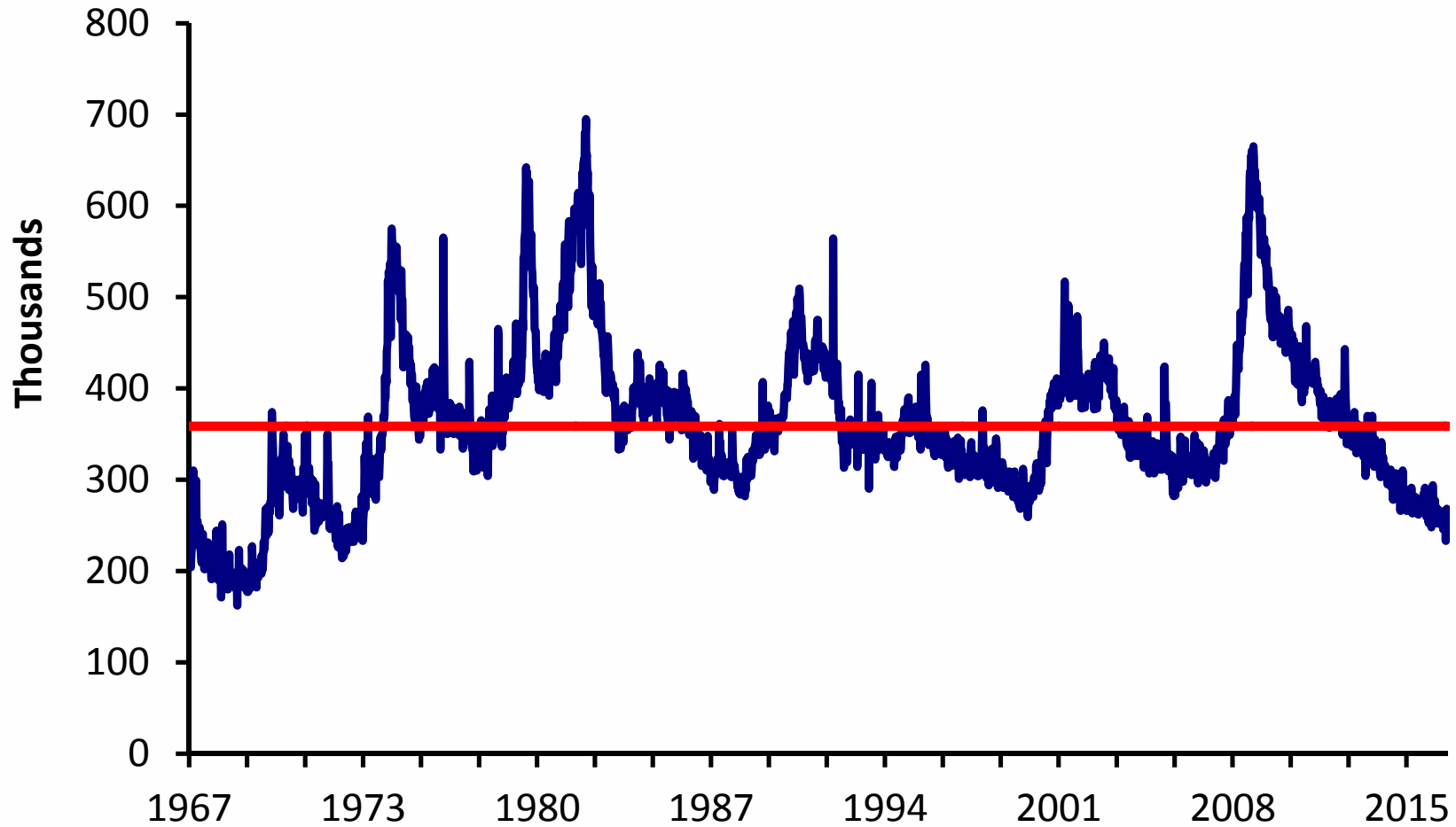
Civilian Unemployment Rate: Recovering Especially Among Youth



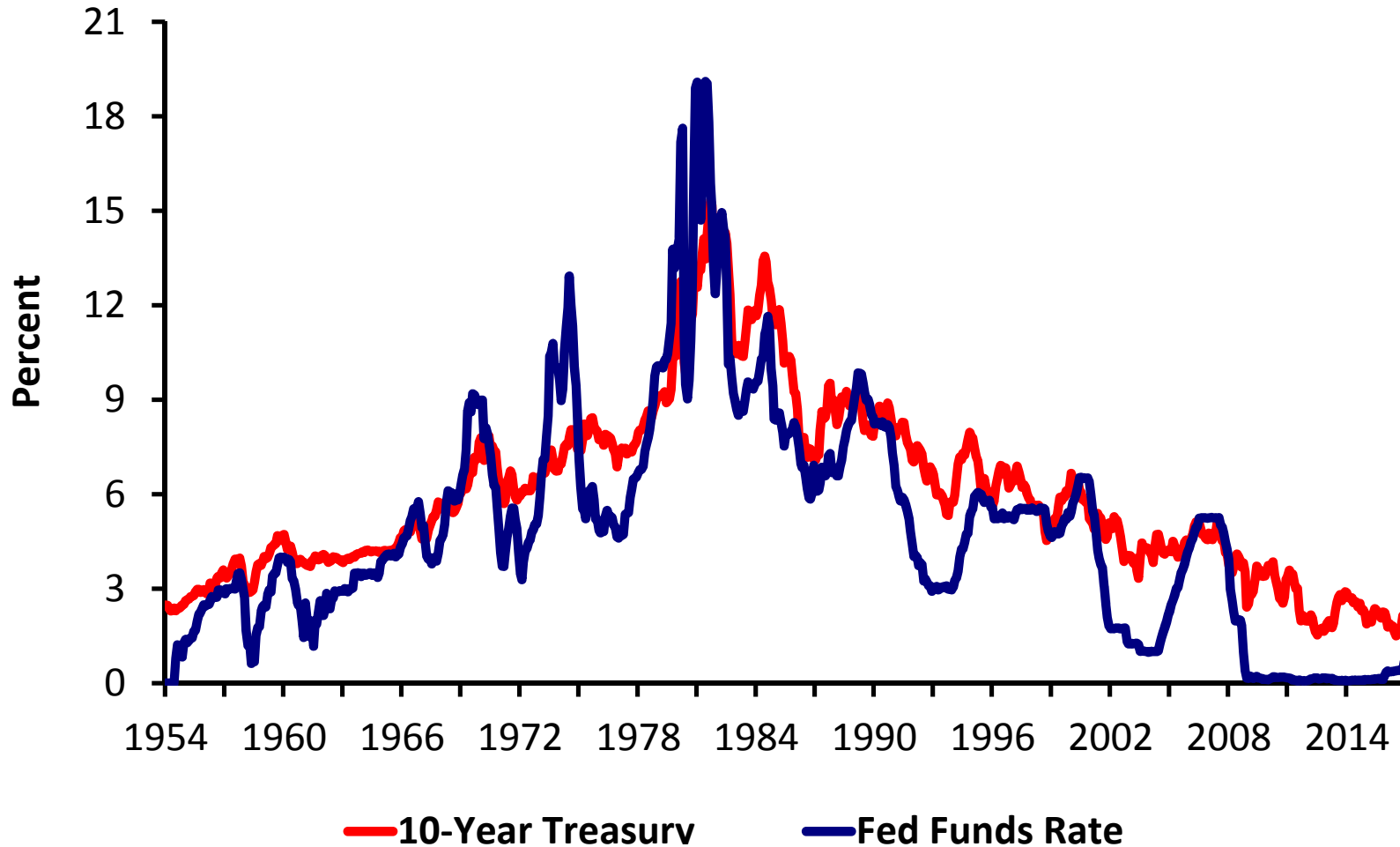
Employment-to-Population Ratio: Improving



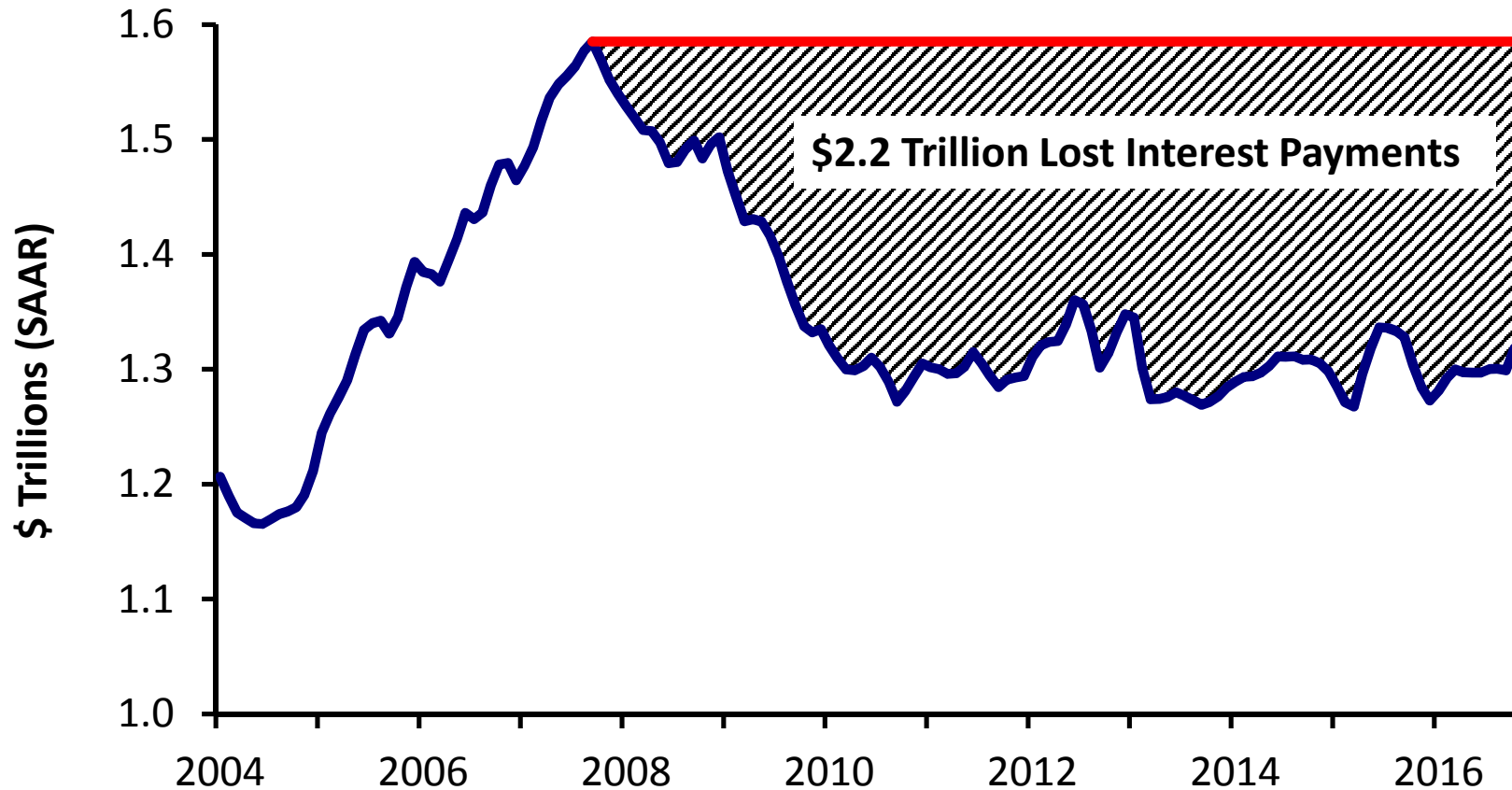
Weekly Initial Unemployment Insurance Claims: Very Strong



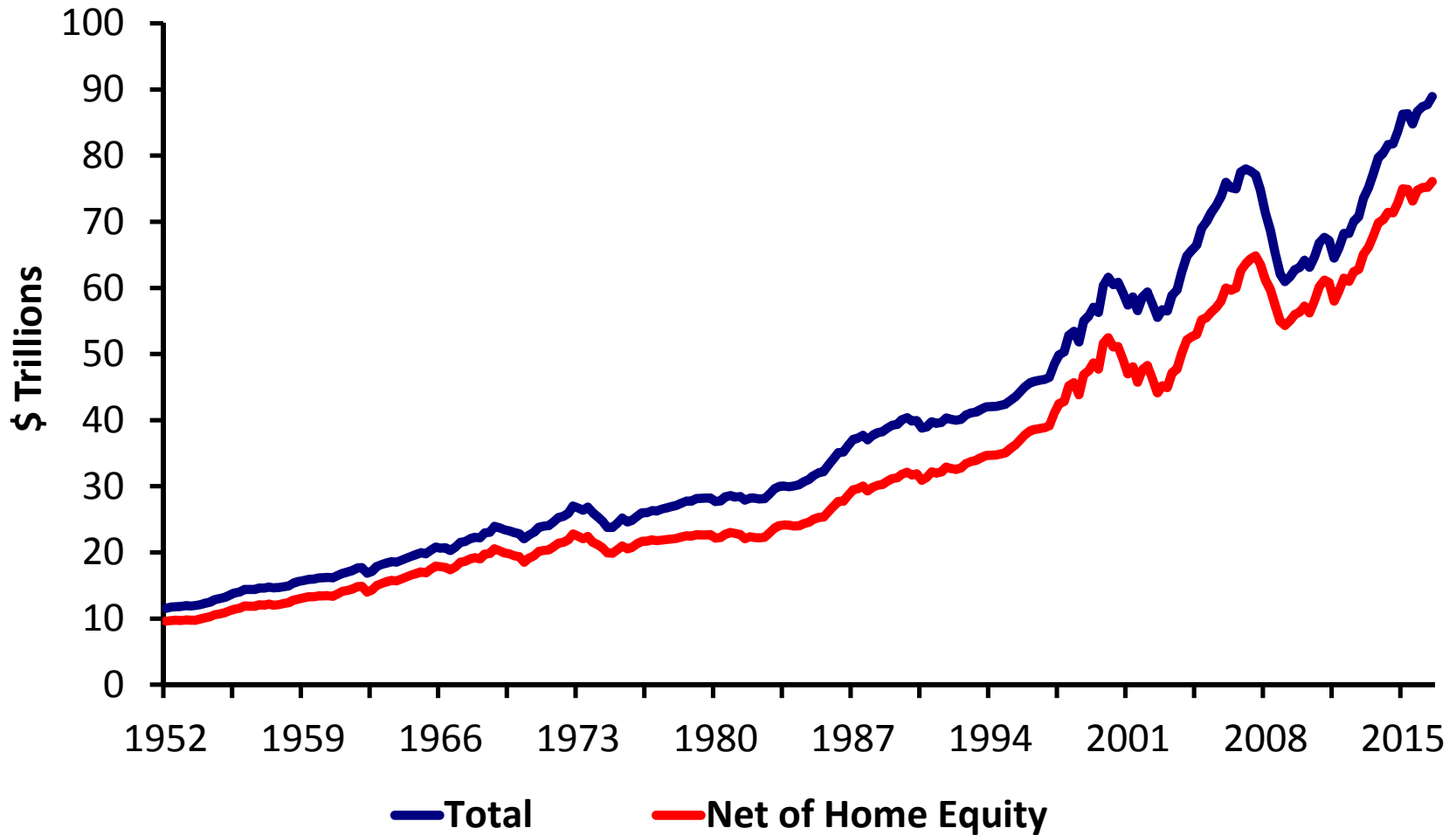
10-Year Treasury vs. Fed Funds Rate: No Penalty To Holding Cash



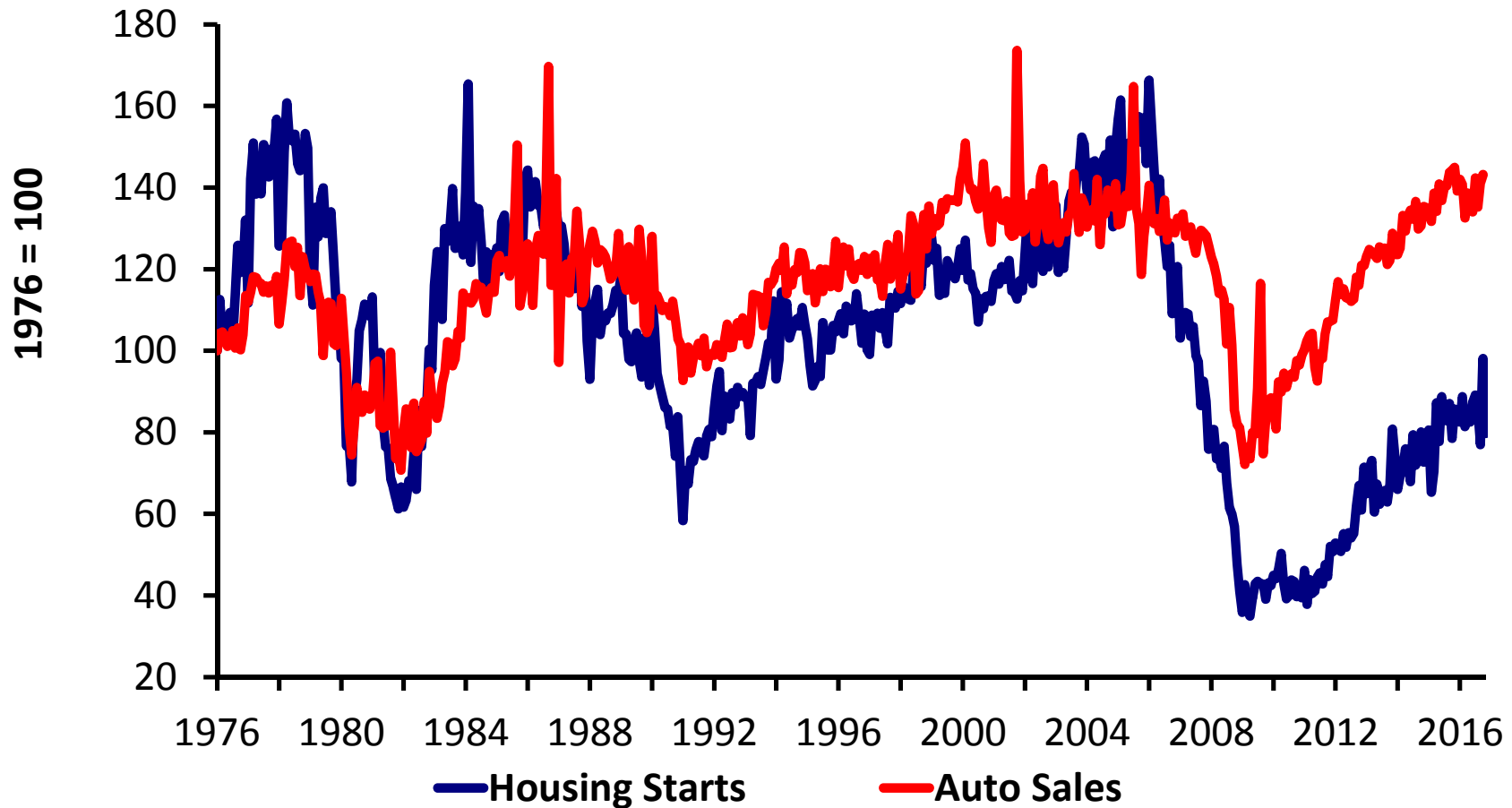
Real Income from Interest Payments: Savers Have Been Robbed By The Fed



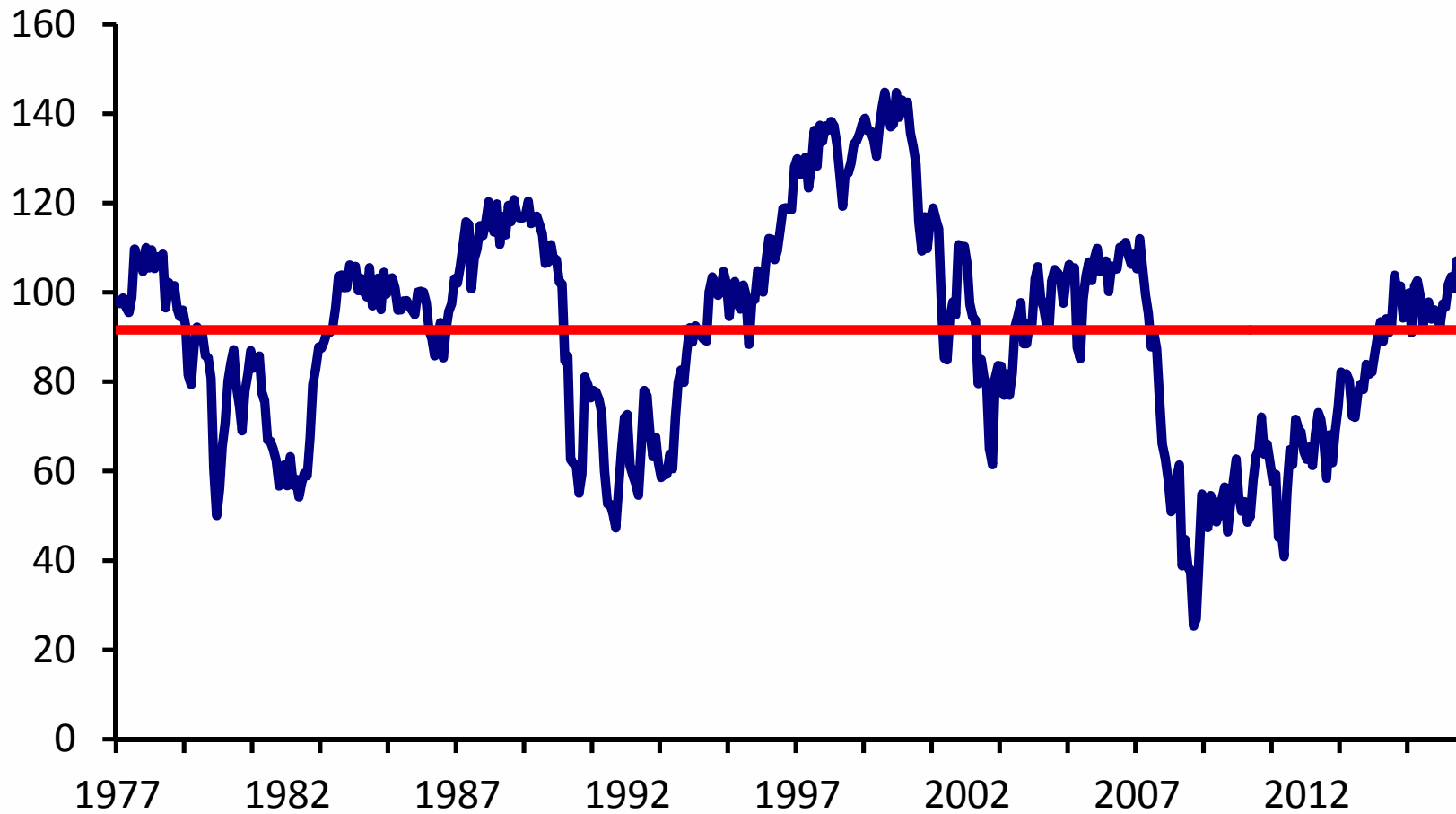
Real Household Net Worth: A New High (But Median Lags Still)



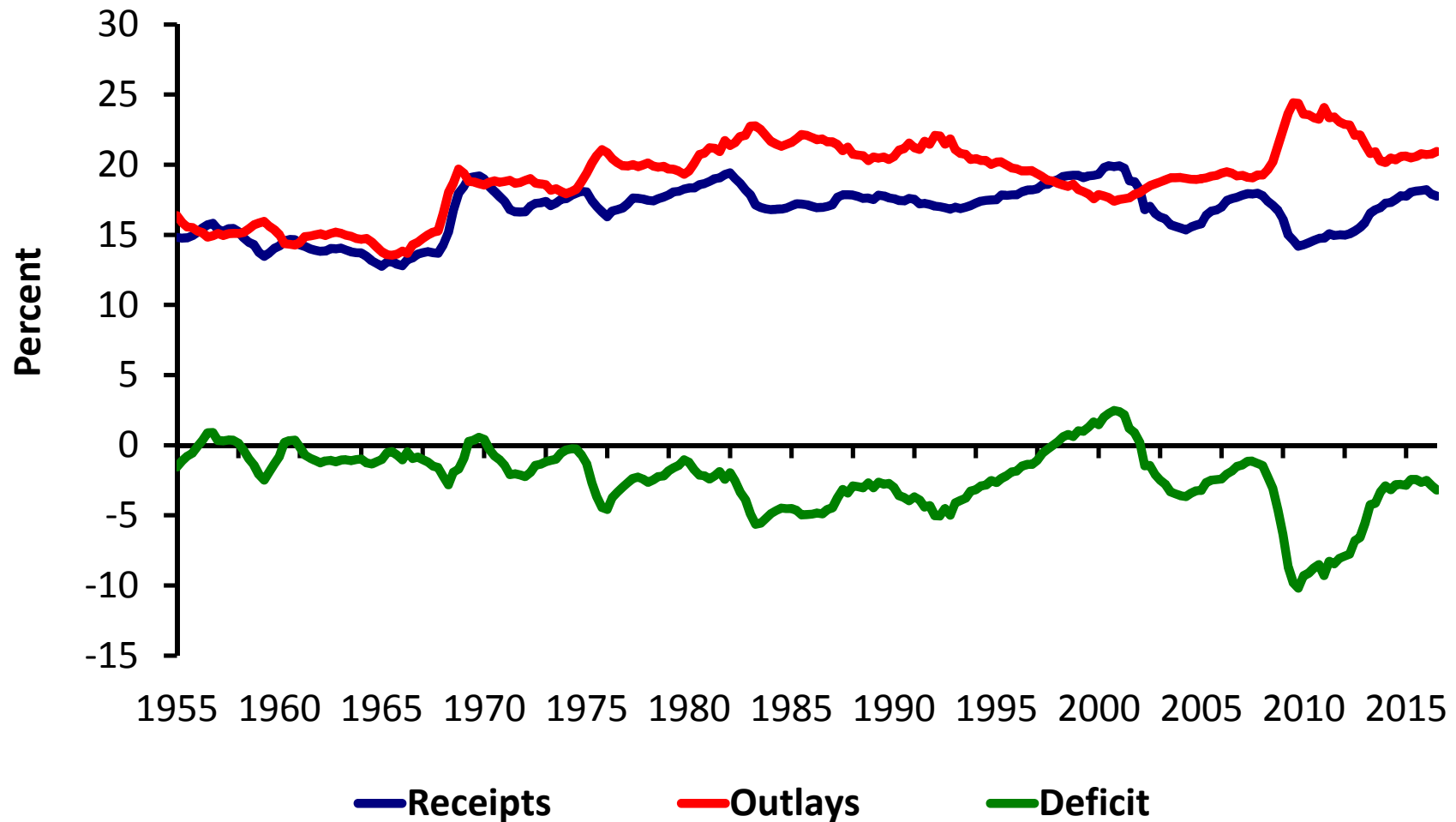
Housing Starts and Auto Sales: Housing Lagging Due To Low Rates



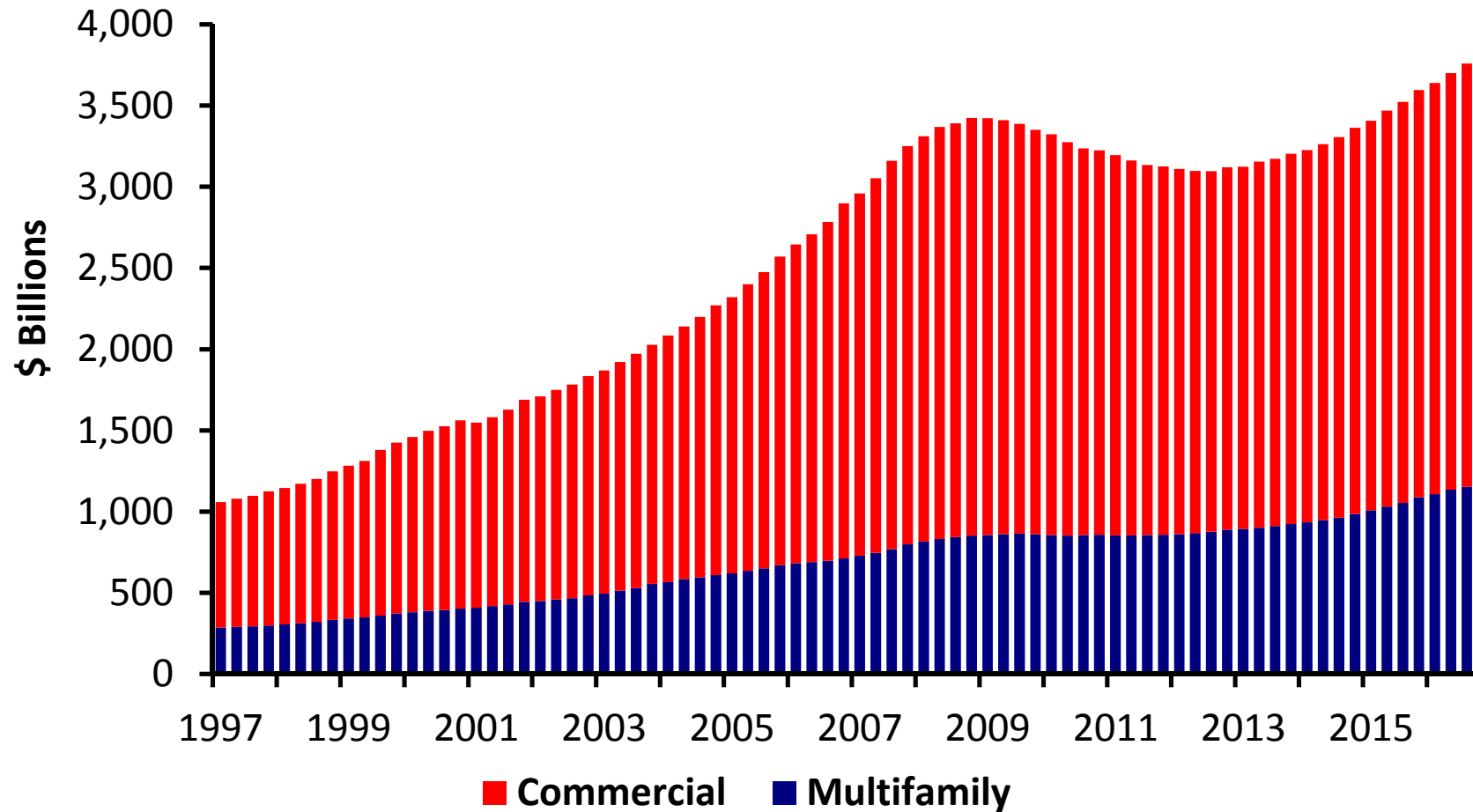
Consumer Confidence Index: A Bit Above Average



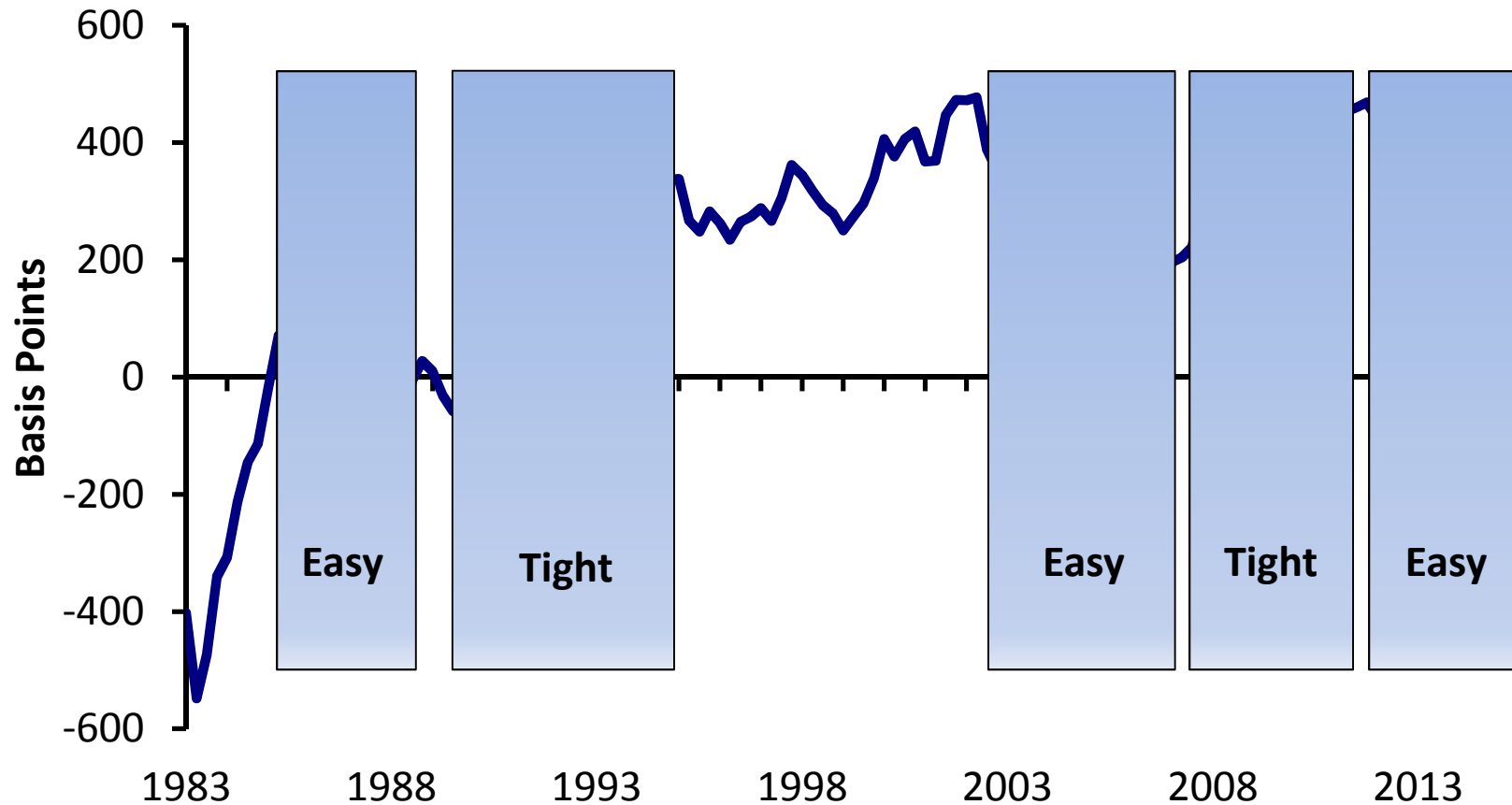
Government Receipts, Outlays, and Deficit as a Percent of GDP: Deficit Normal But About Transfer Payments



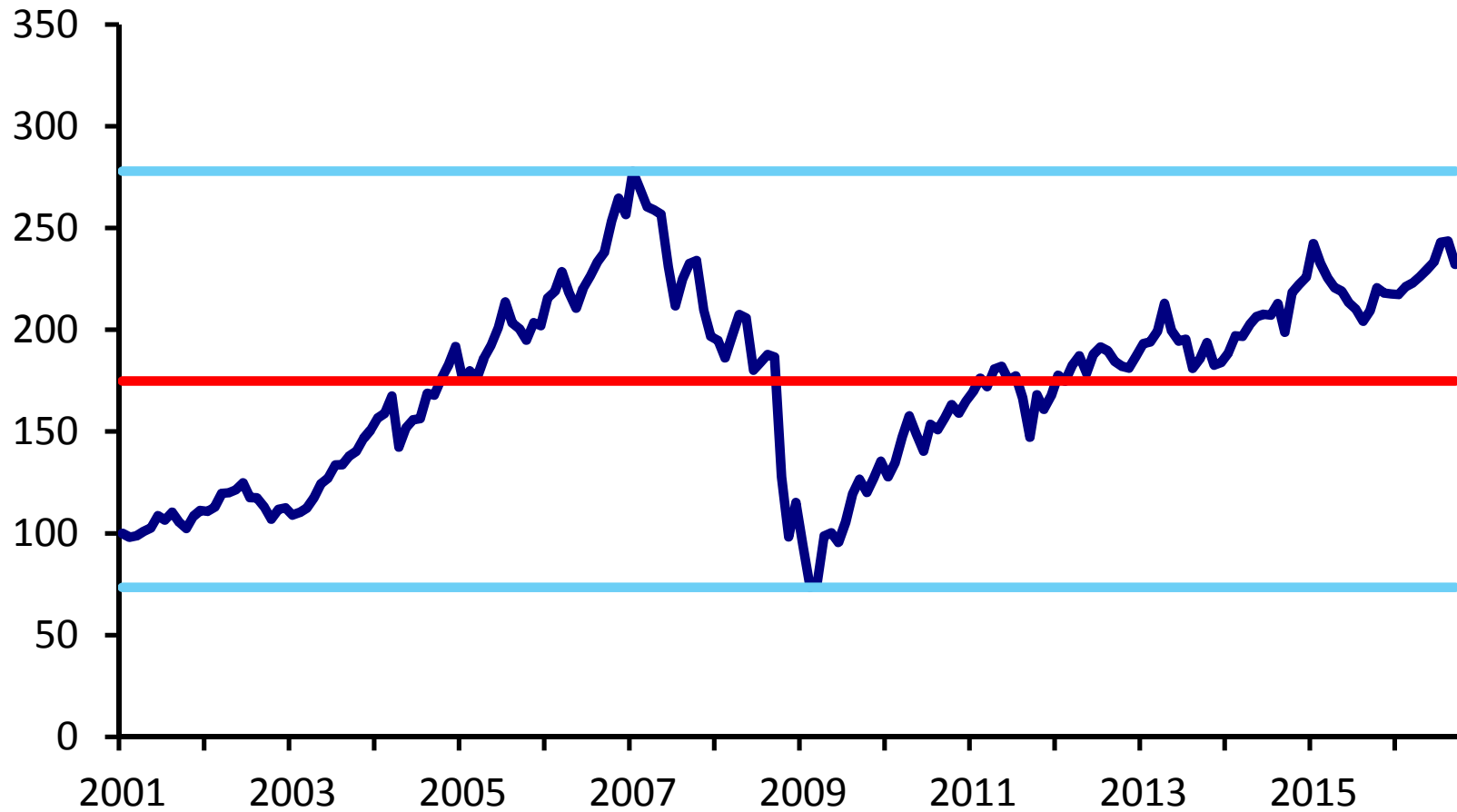
Multifamily and Commercial Mortgages Outstanding: Rising



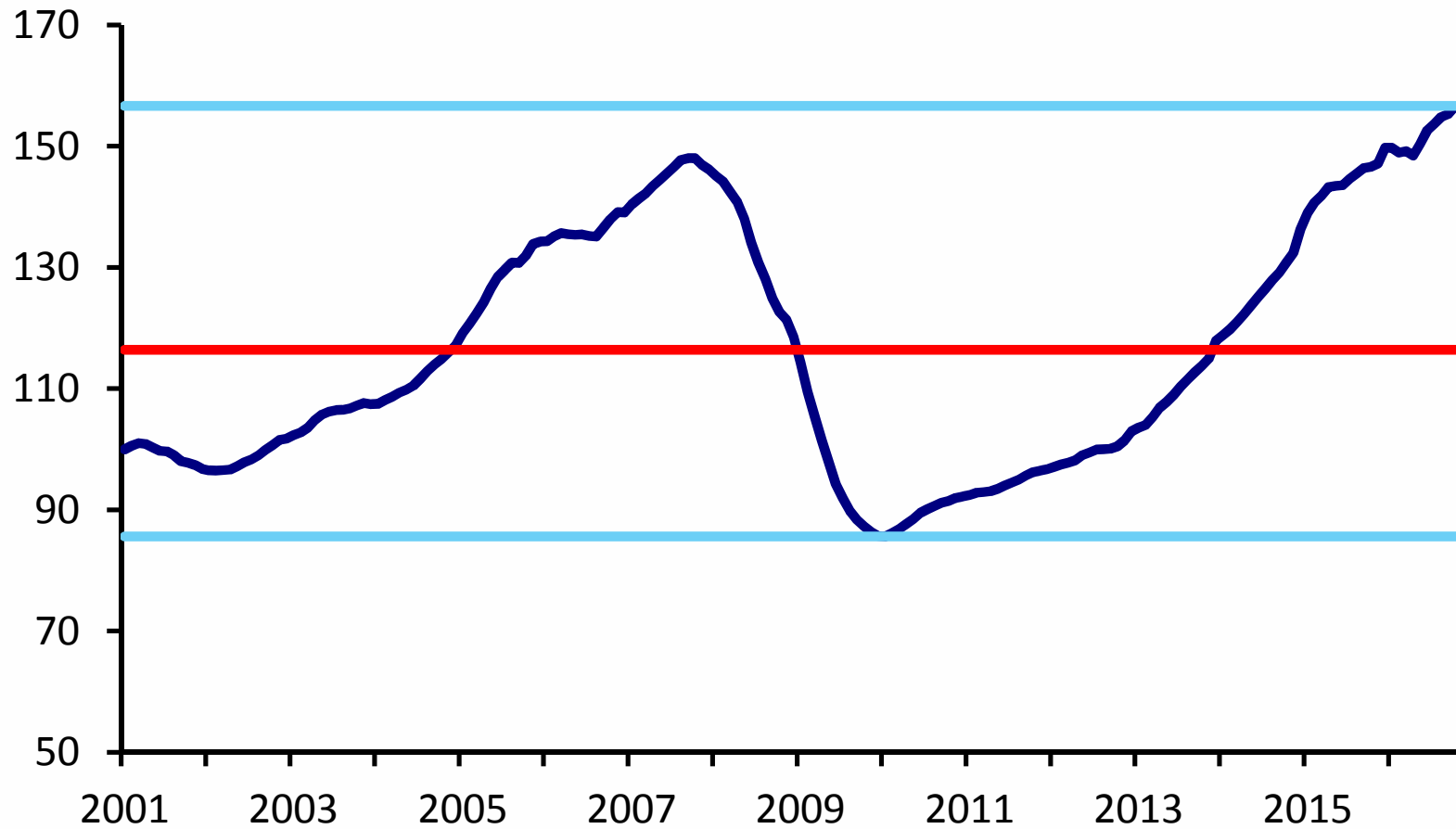
NCREIF Transaction Cap Rates Over 10-Year Treasury Rates: Very Wide



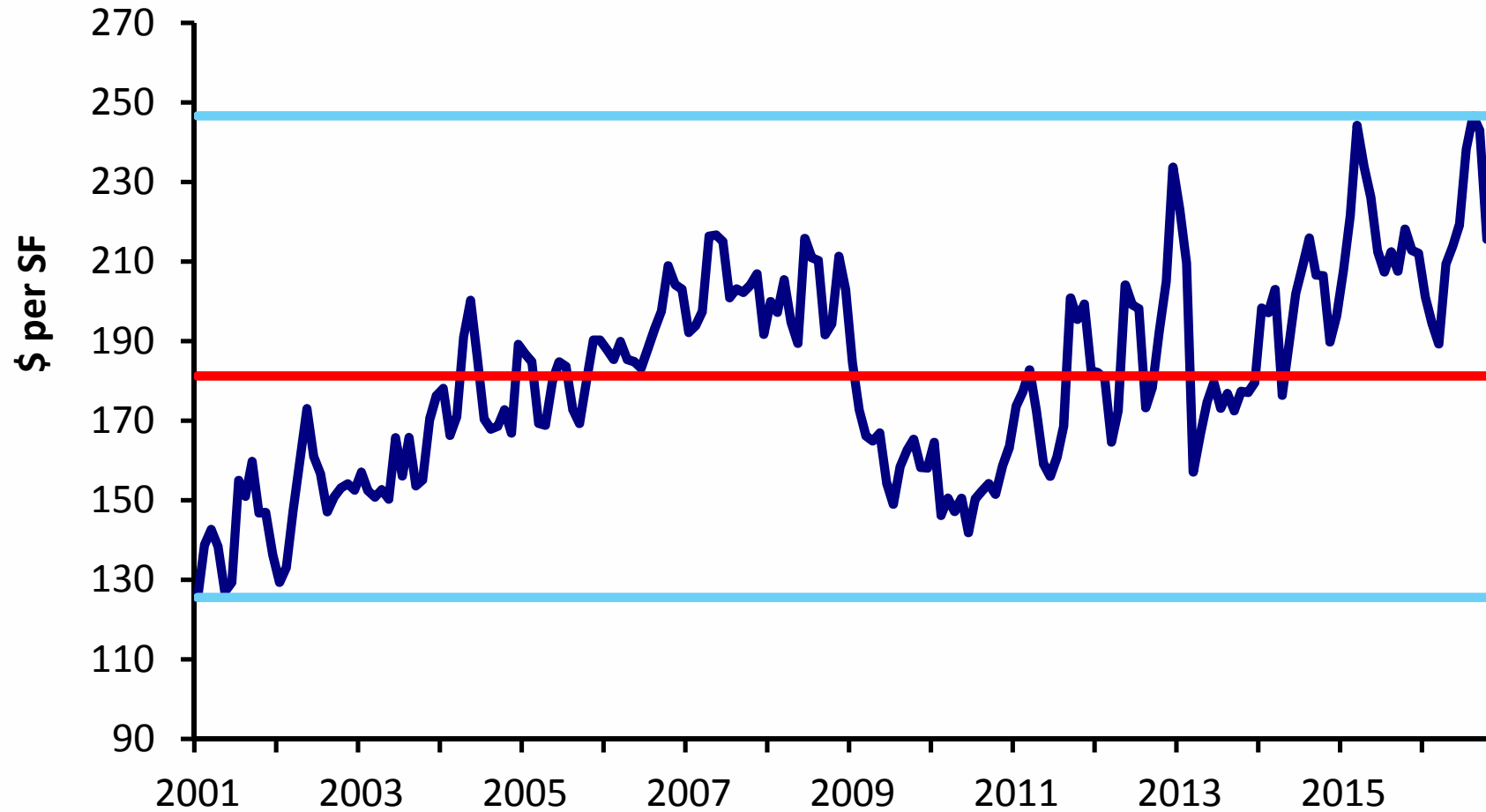
Real Public Market Commercial Real Estate Values: Still Below Peak



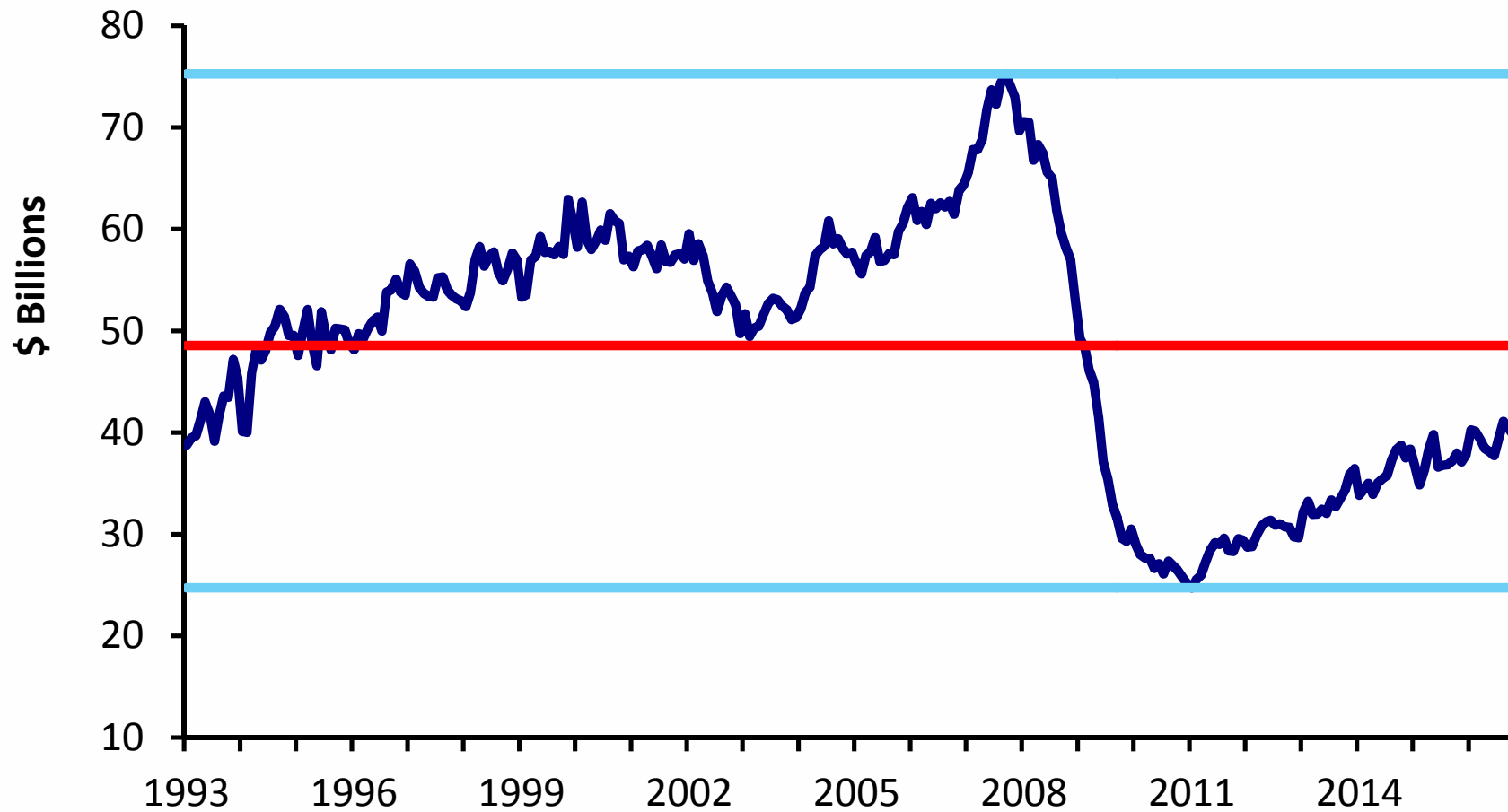
Real Private Market Commercial Real Estate Values: At Peak



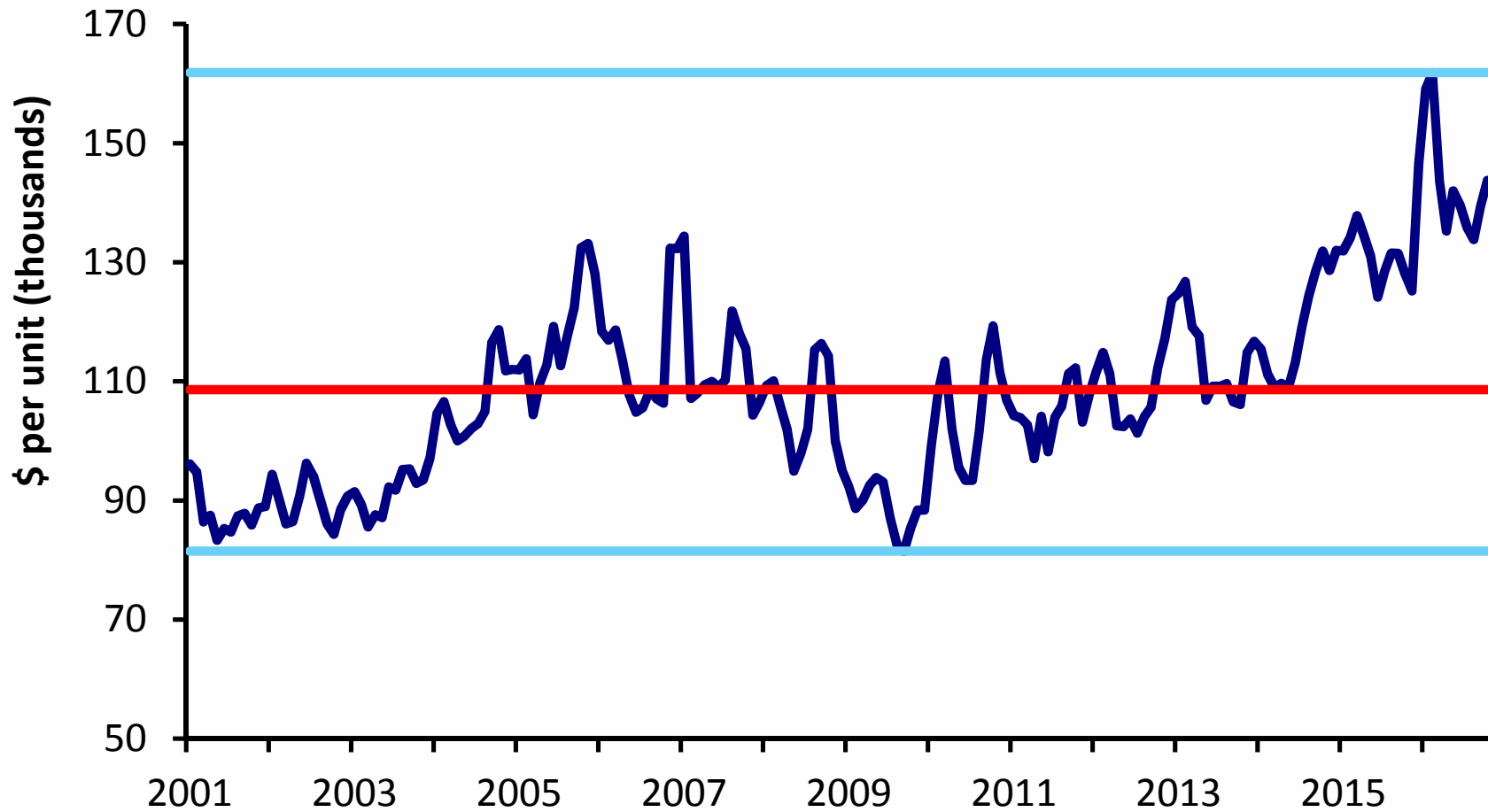
Real RCA Retail Private Real Estate Values: Well Above Average



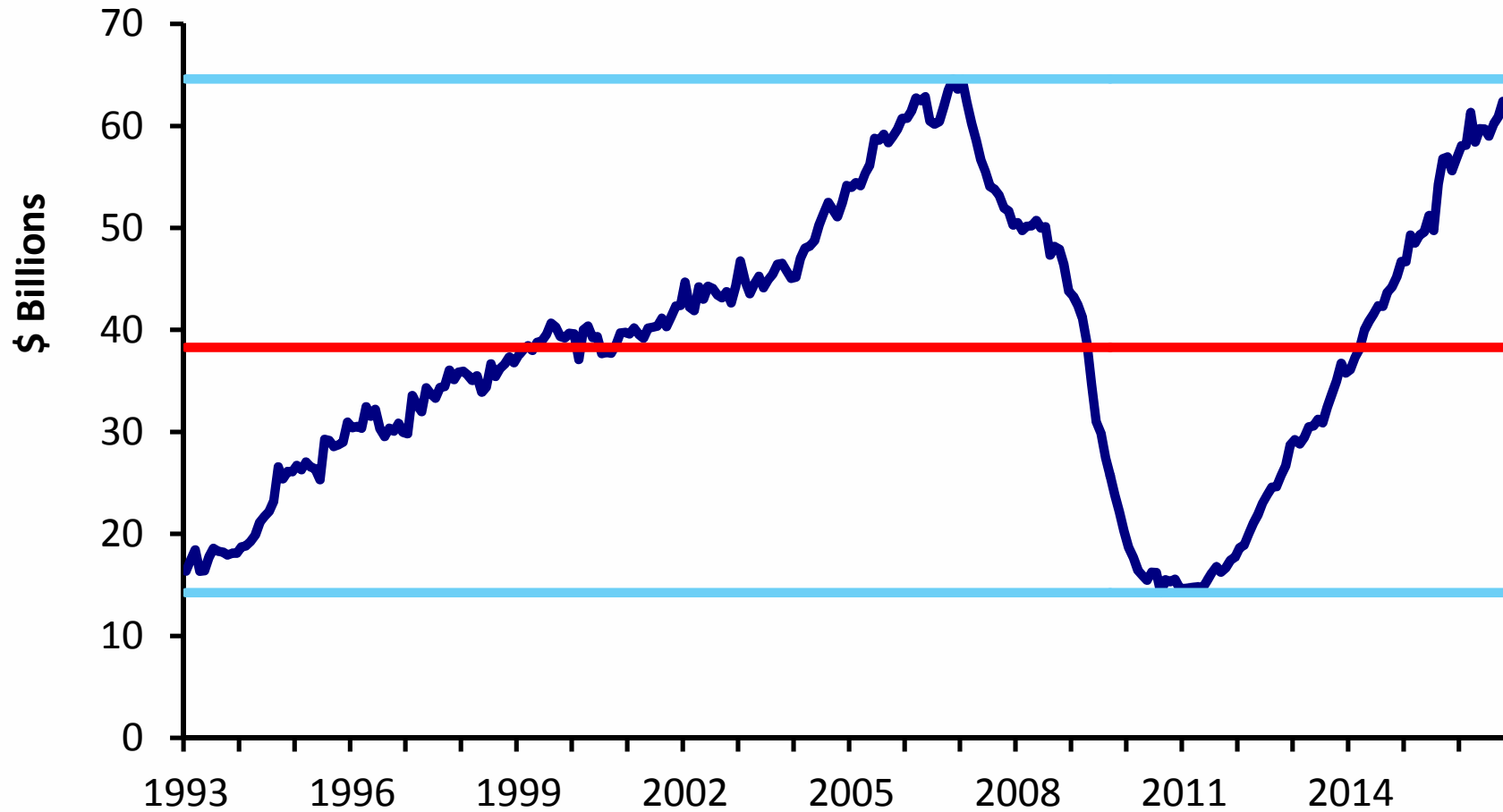
Real U.S. Retail Construction: Well Below Average



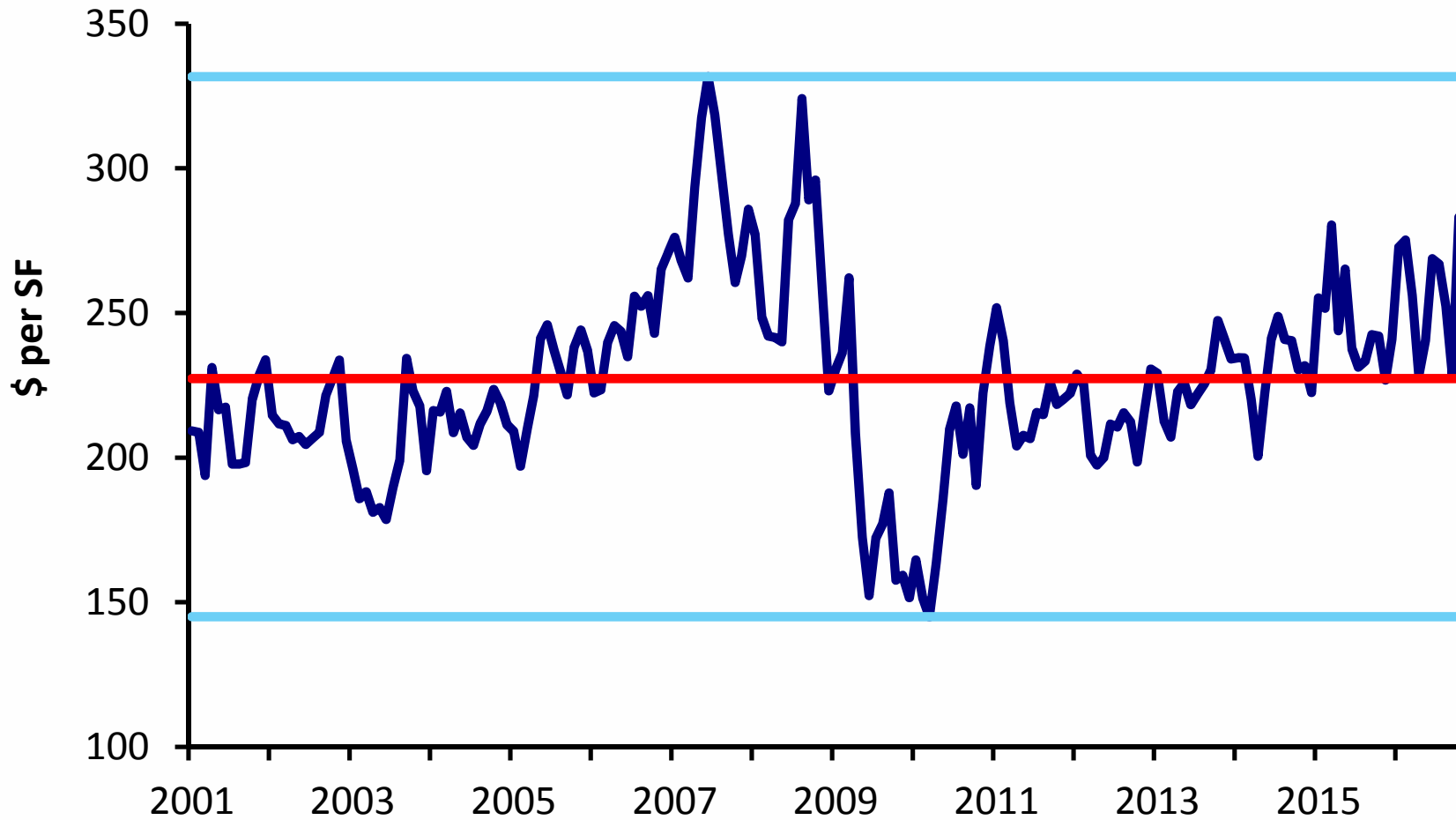
Real RCA Multifamily Private Real Estate Values: Well Above Average



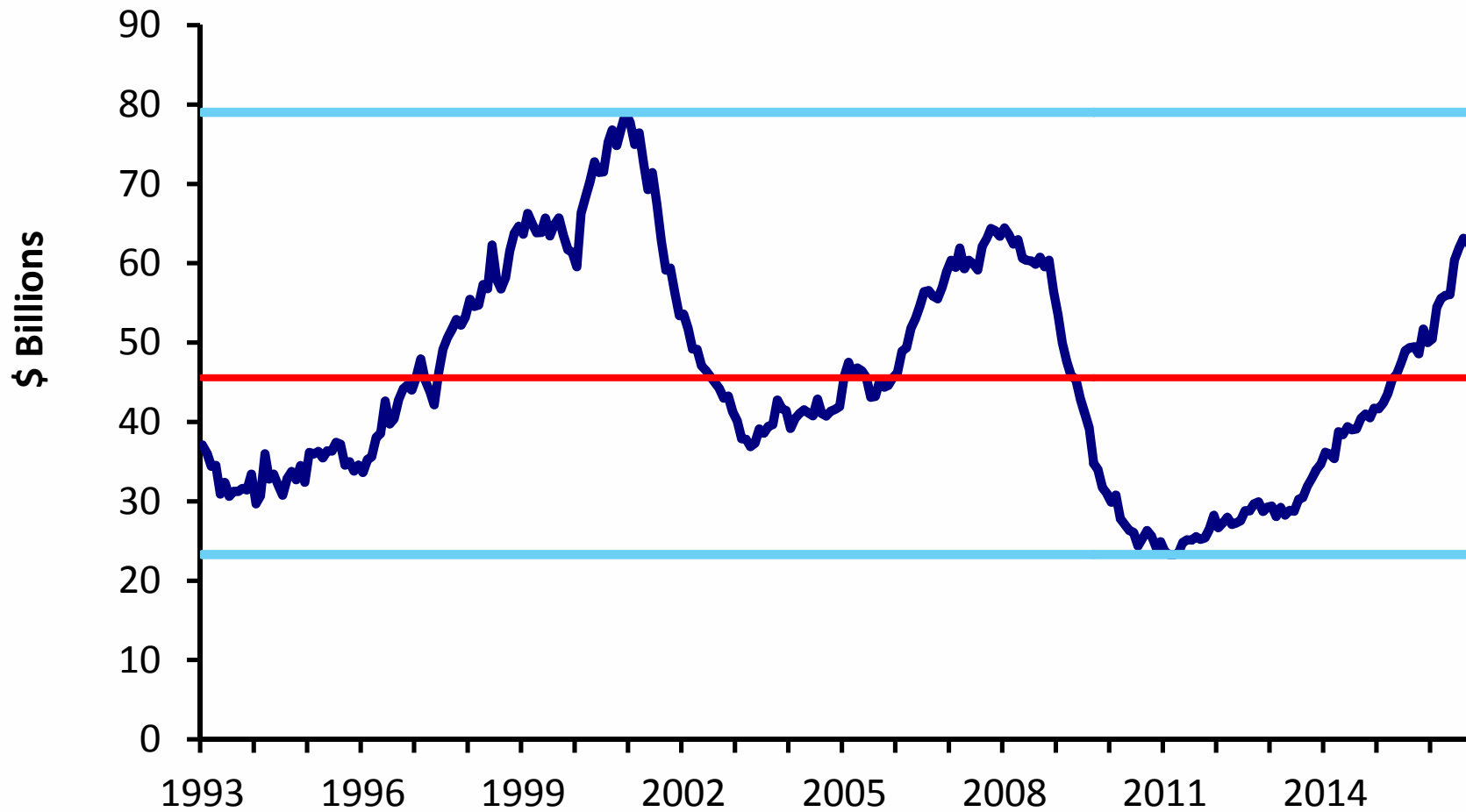
Real U.S. Multifamily Construction: Approaching New High



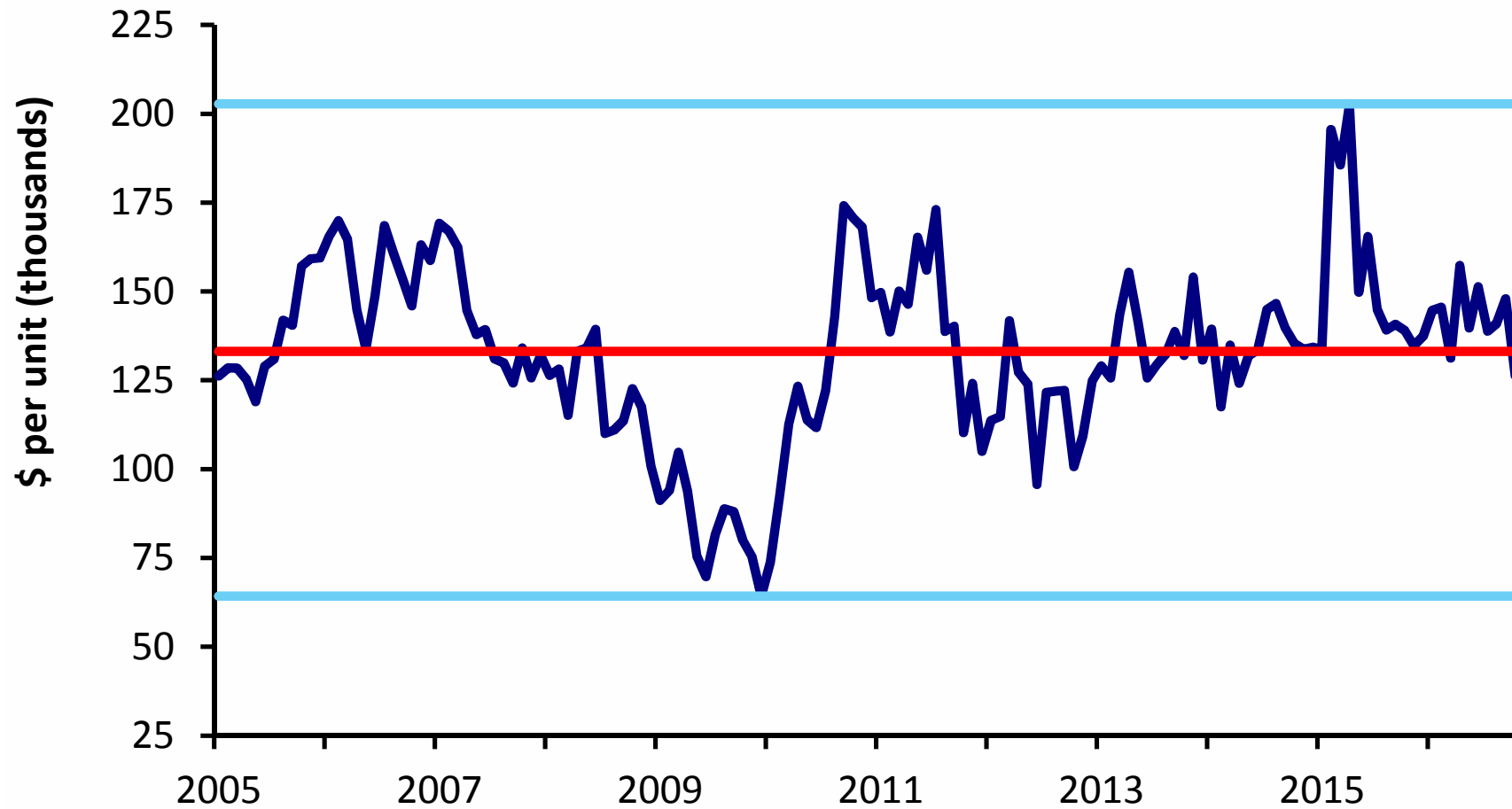
Real RCA Office Private Real Estate Values: Above Average



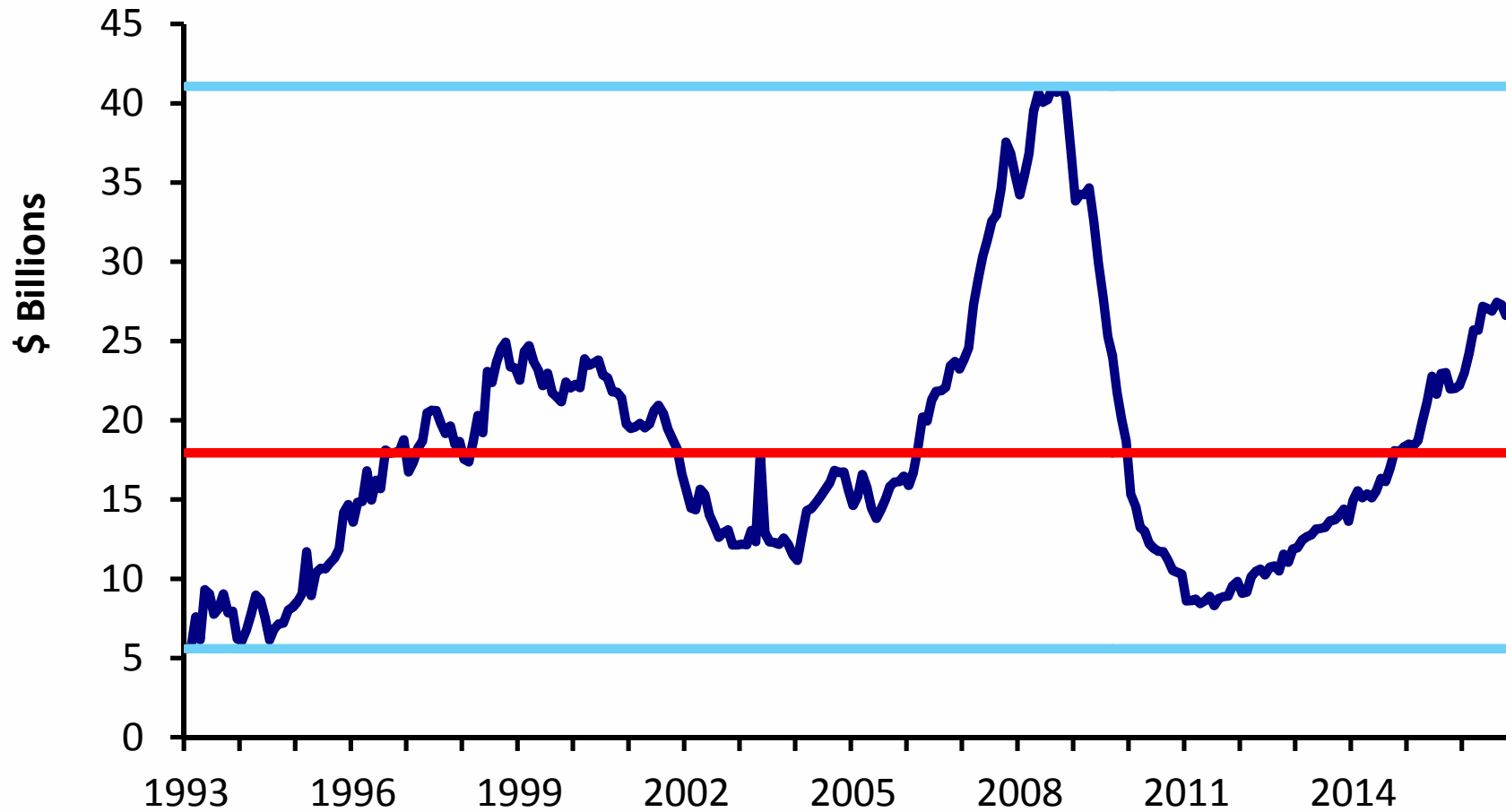
Real U.S. Office Construction: Well Above Average



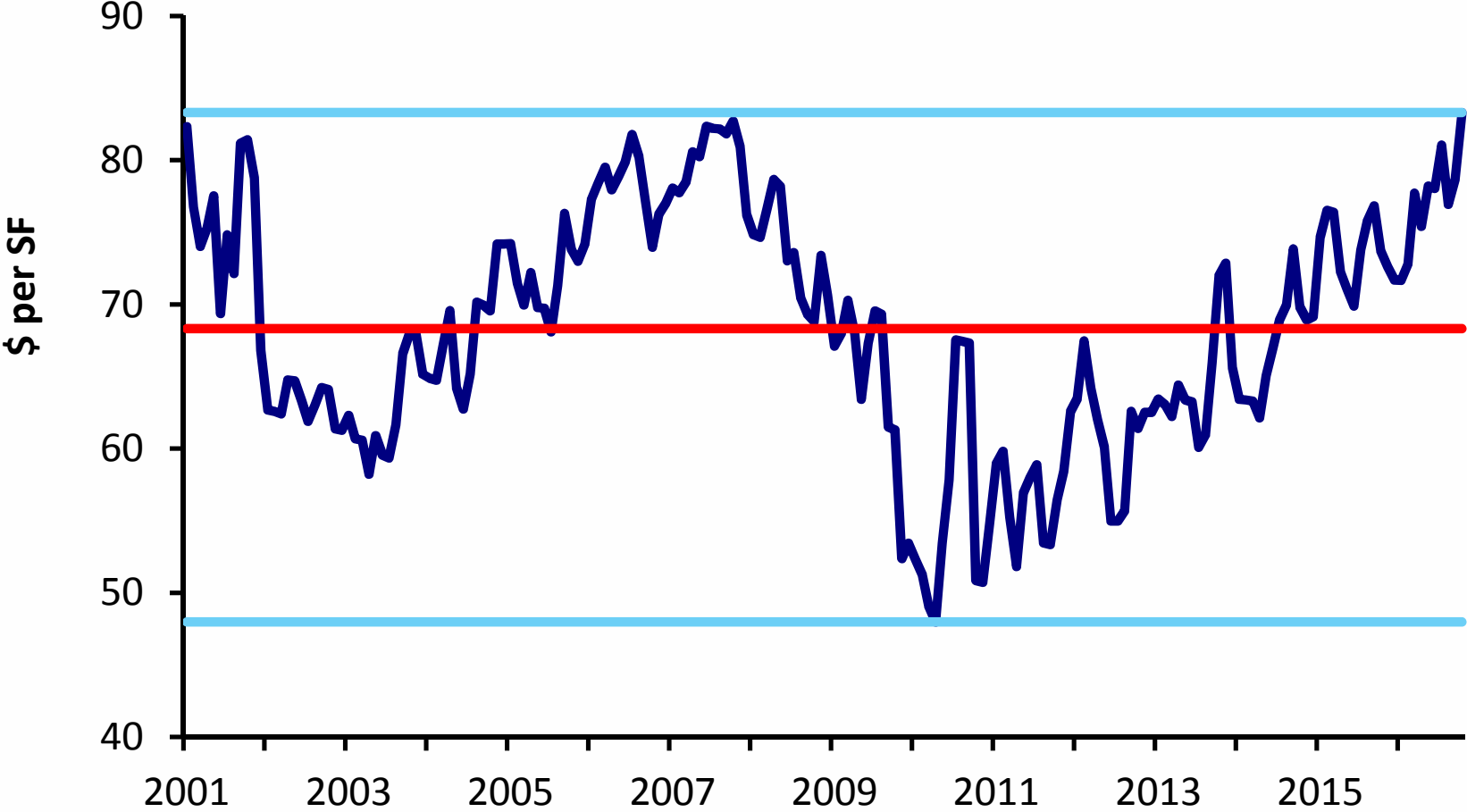
Real RCA Hotel Private Real Estate Values: About Average



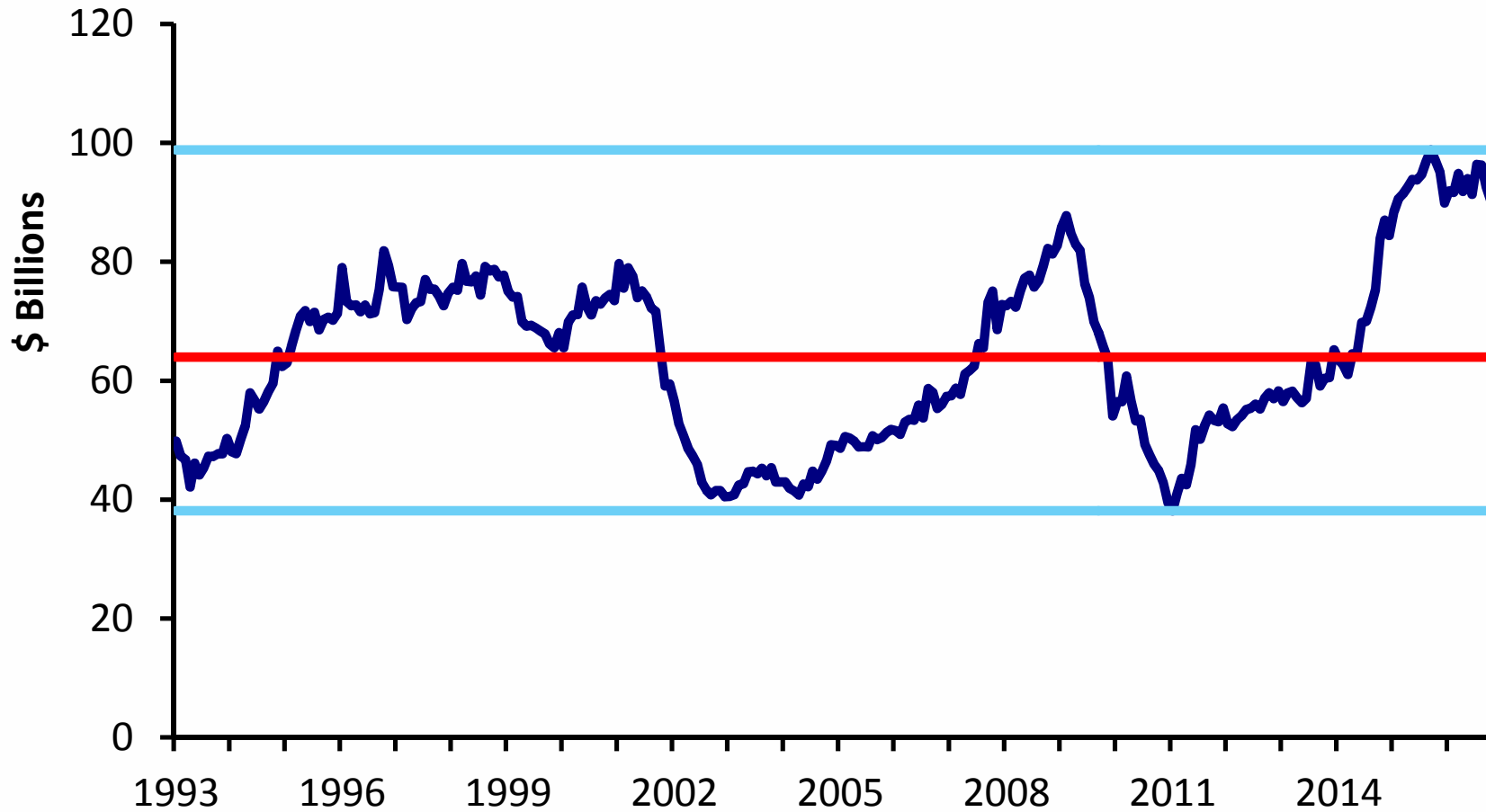
Real U.S. Hotel Construction: Above Average



Real RCA Industrial Private Real Estate Values: At New Peak










U.S. Industrial Construction: At New High



Election Impacts

- Republican President
- Republican House
- Republican Senate
- Obama Care change will be top Congressional priority
- International trade agreements will be reviewed but take years
- Personal tax rate tweaks and major corporate rate reduction
- Real estate tax exposure gone
- Greater “market” orientation means less regulation excess
- Foreign corporate cash brought home
- A non-MIT Fed Chairman
- Mexico will not pay for a wall

For Now Lots Of Canaries Are Still Chirping

- PIK Debt 
- Massive mortgage growth 
- Spec development boom 
- First replaces mezz 
- Mezz replaces equity 
- Narrow spreads and rising LTVs 
- Record buyout deals 
- Empty space worth more than full space 