

State of the U.S. Economy, Capital Markets, and Commercial Real Estate

Calgary Real Estate Forum

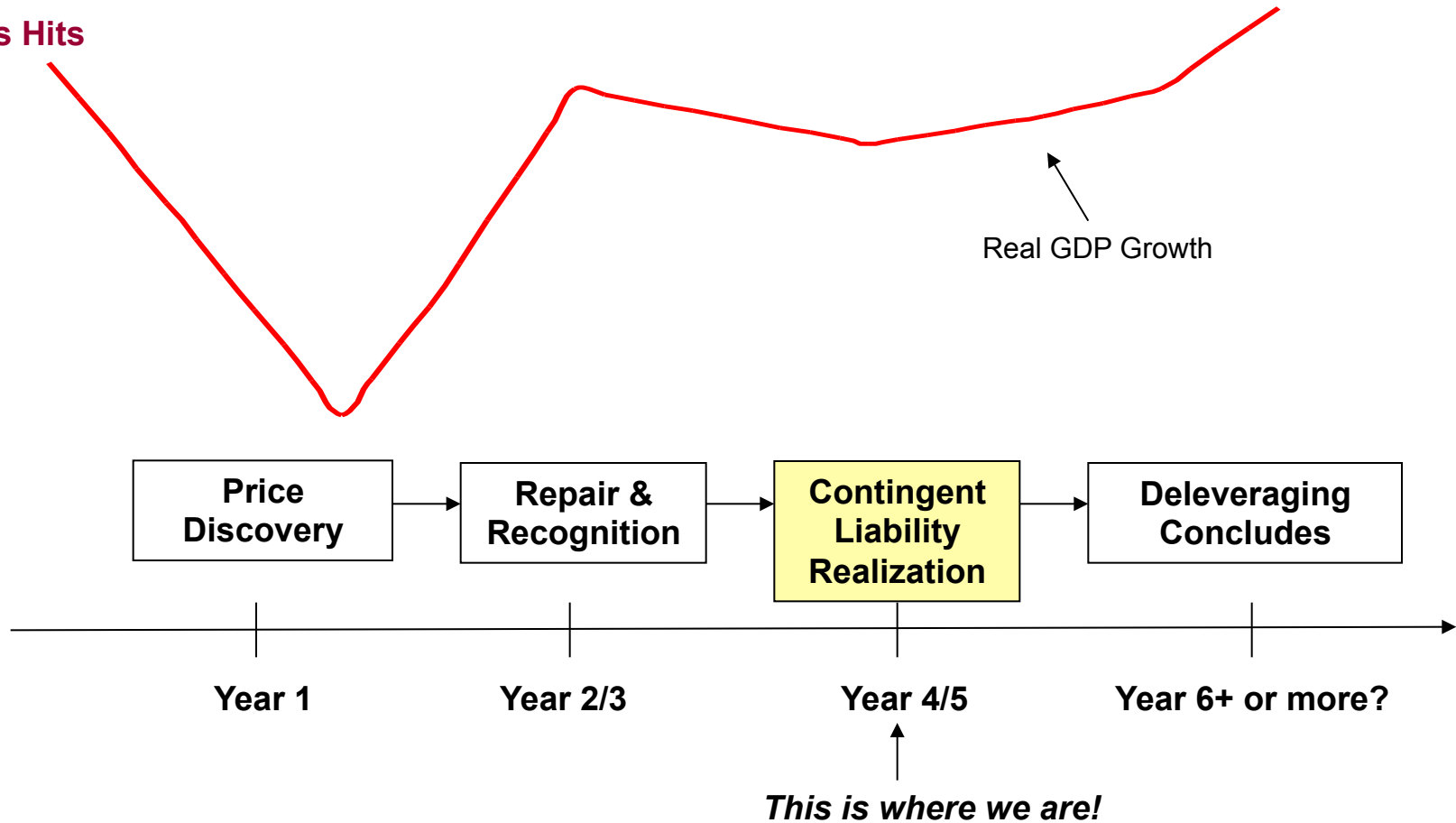
October 24, 2012

Douglas Poutasse
Head of Strategy and Research
Bentall Kennedy Group

This Was Not Your Father's Recession

ANATOMY OF A DELEVERAGING CYCLE

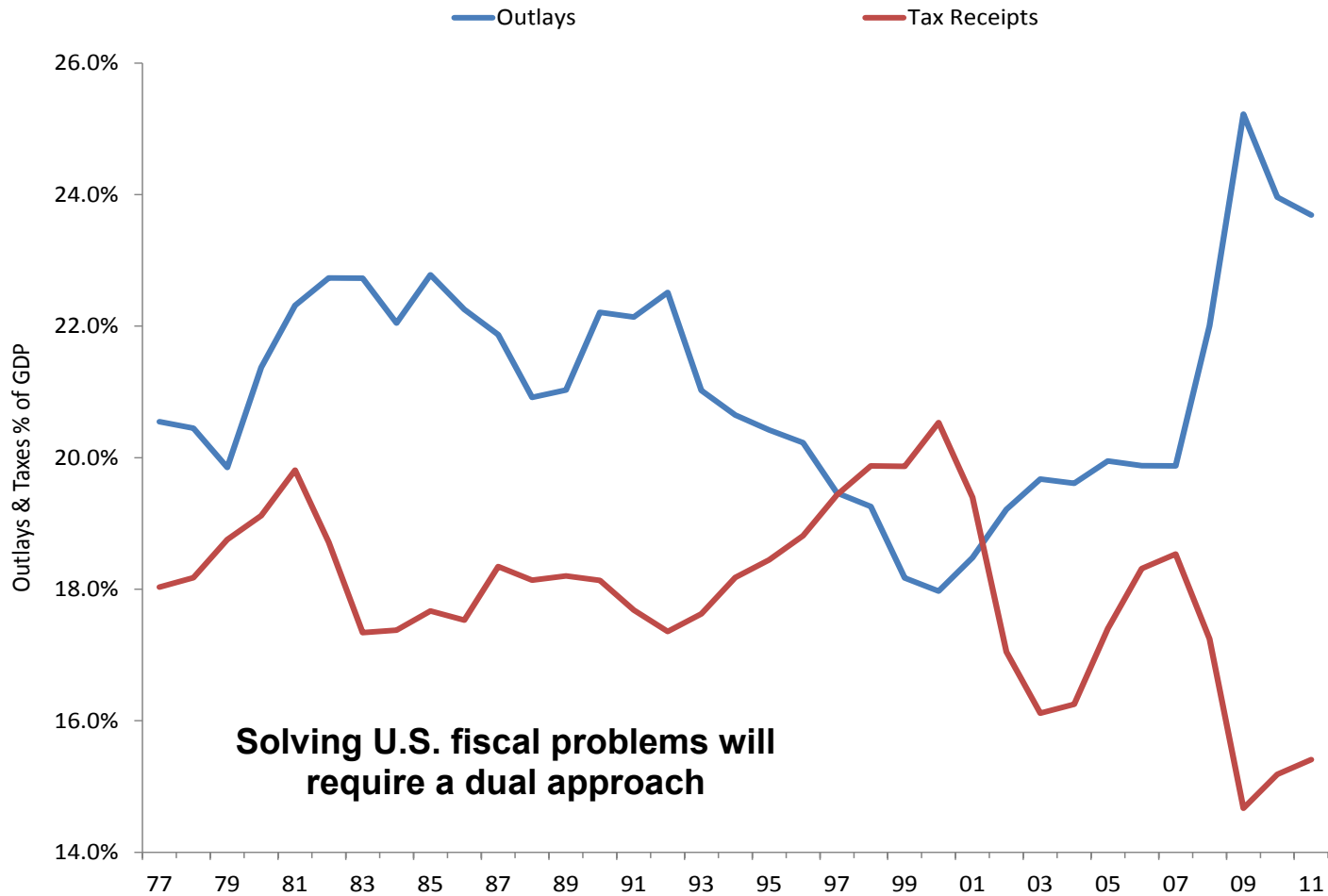
Crisis Hits



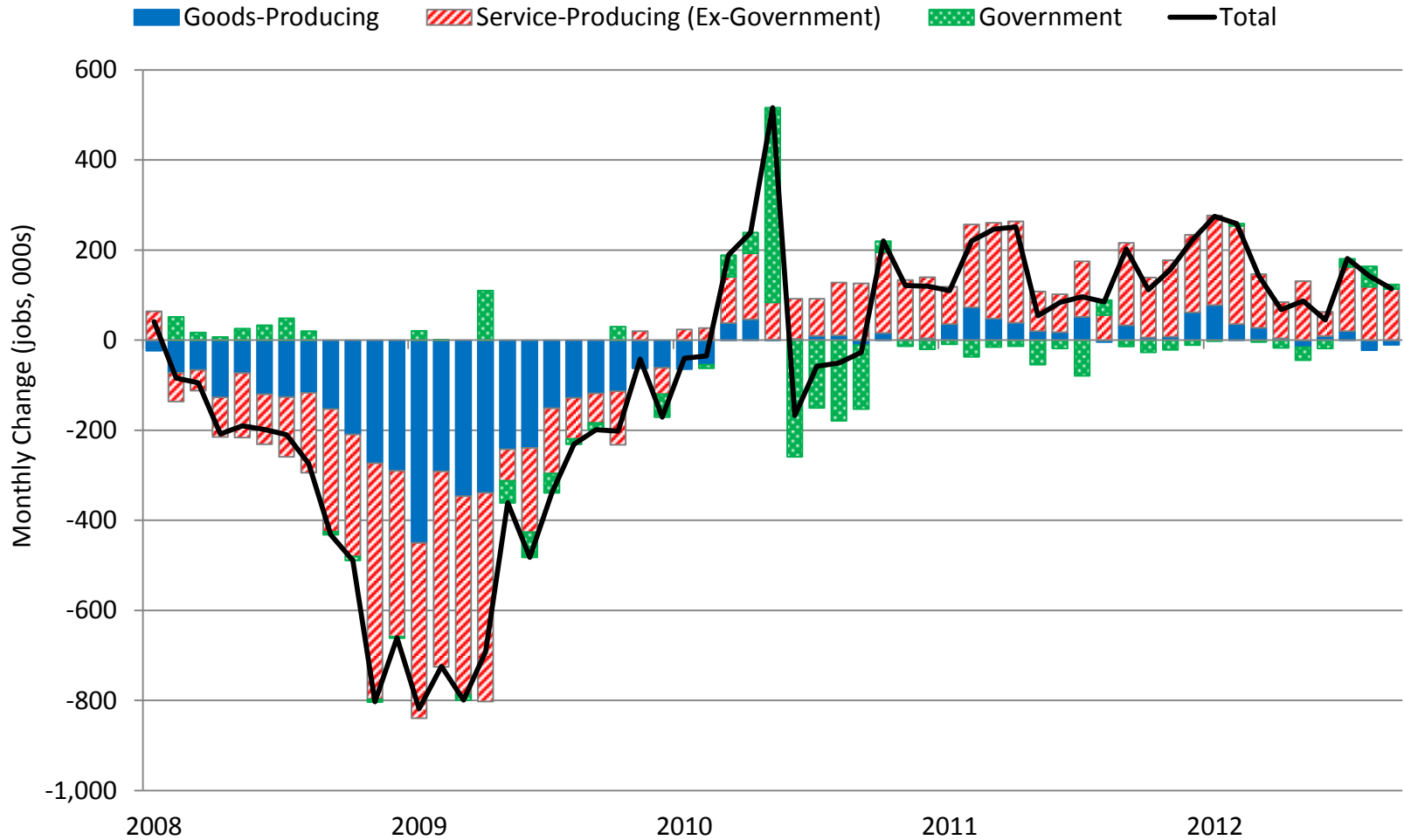
The New Globalization



U.S. Fiscal Policy: Spend What You Want, Tax What You Can



Labor Market Recovery Remains Sluggish



Sources: Moody's Analytics, Bureau of Labor Statistics

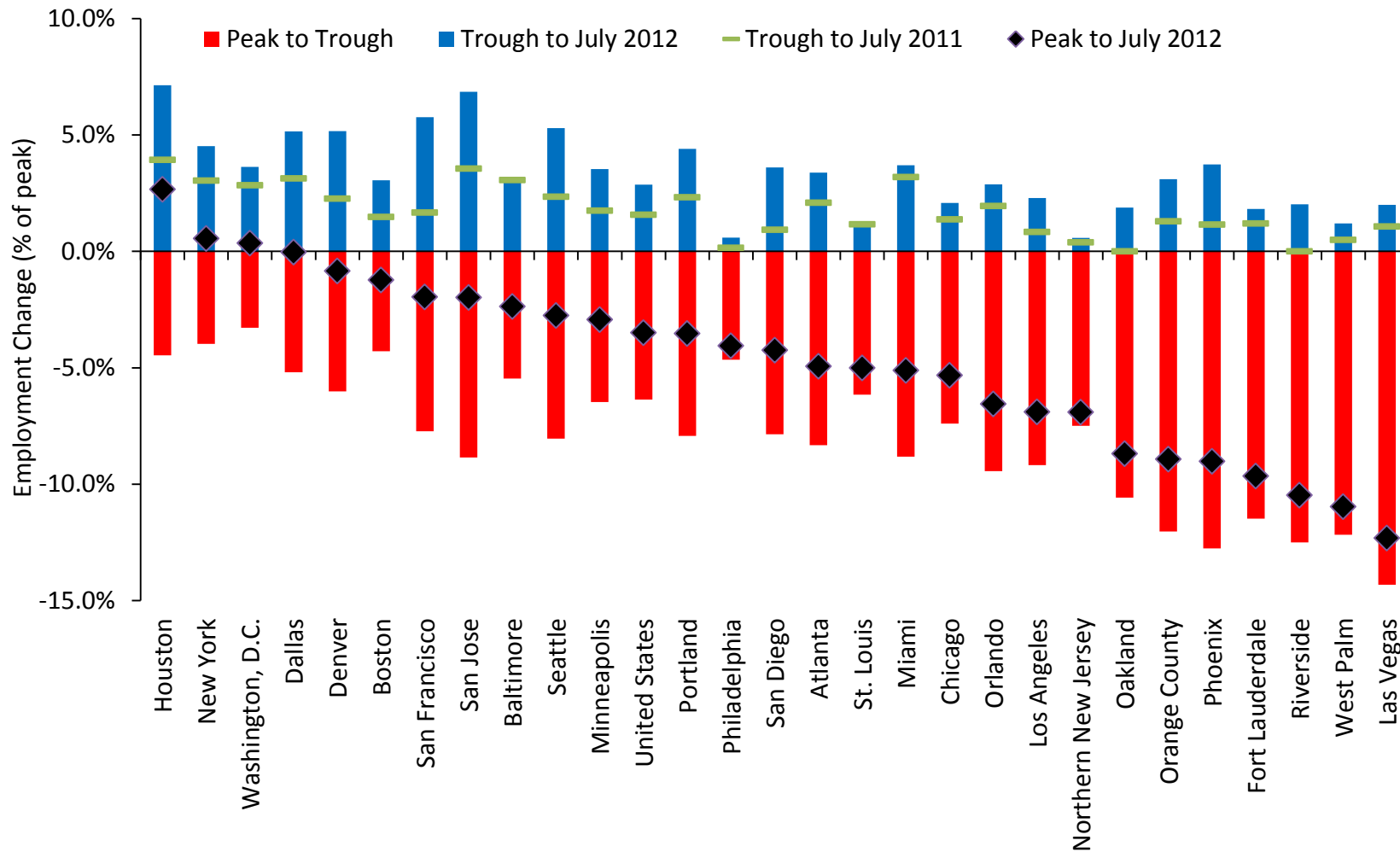
Capacity Tightening, Corporations Have Cash to Spend: But Under What Rules?



Sources: Federal Reserve, BEA

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Tech & Energy Markets Leading the Recovery

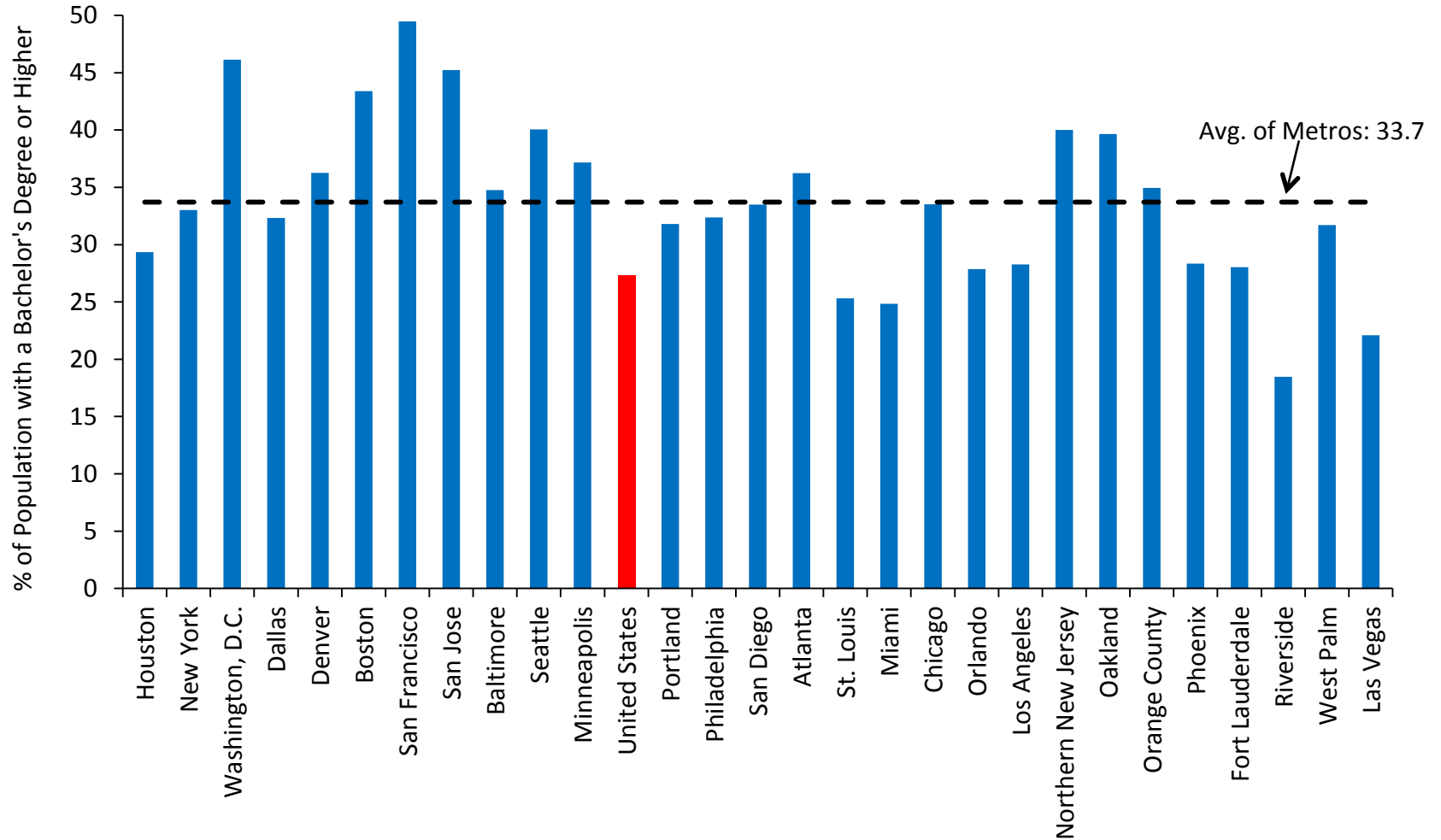


Sources: Moody's Analytics, Bureau of Labor Statistics

Have to Add Value Somewhere

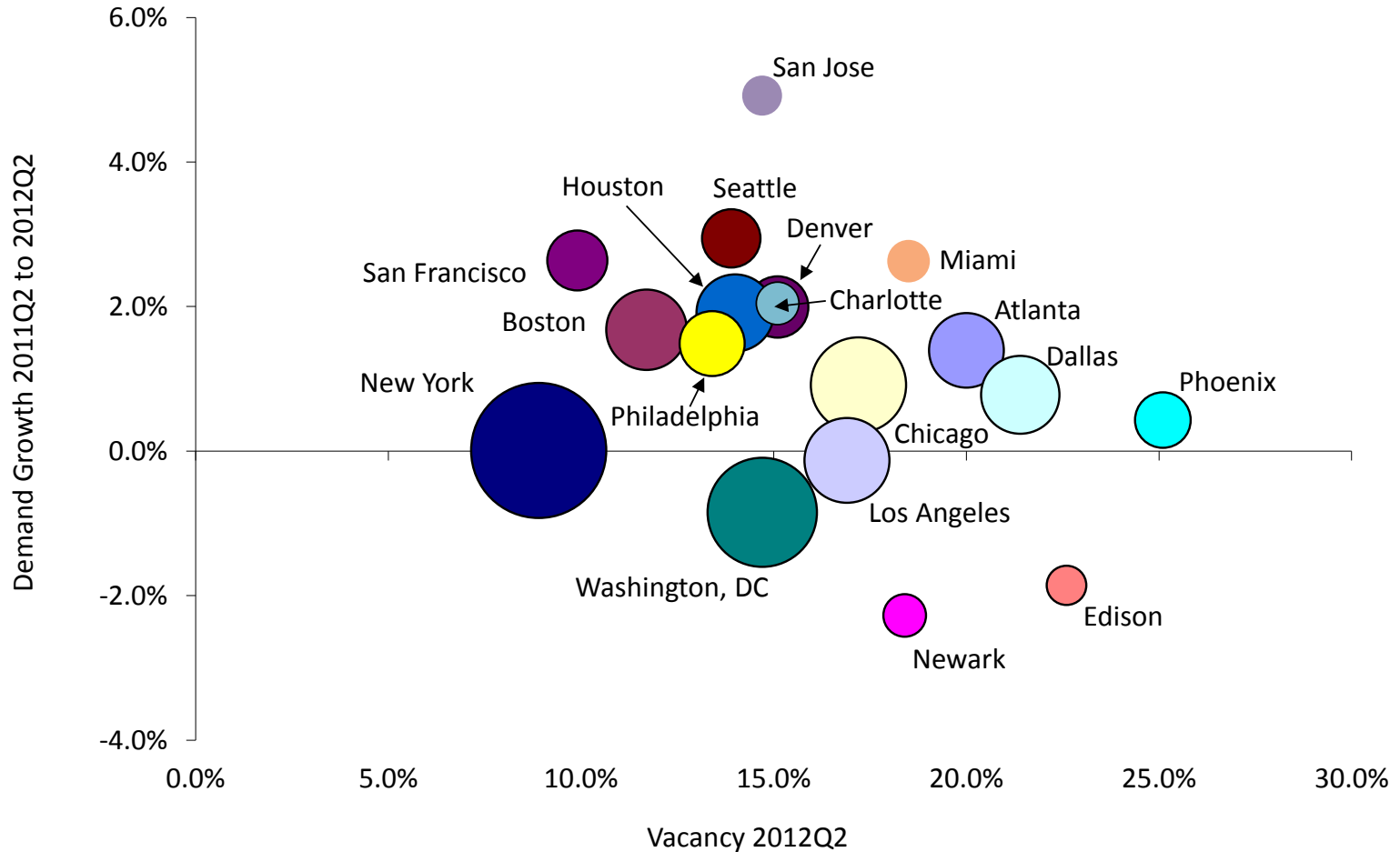


High Educational Attainment Positions Metros for Stronger Growth



Sources: Moody's Analytics, U.S. Census Bureau

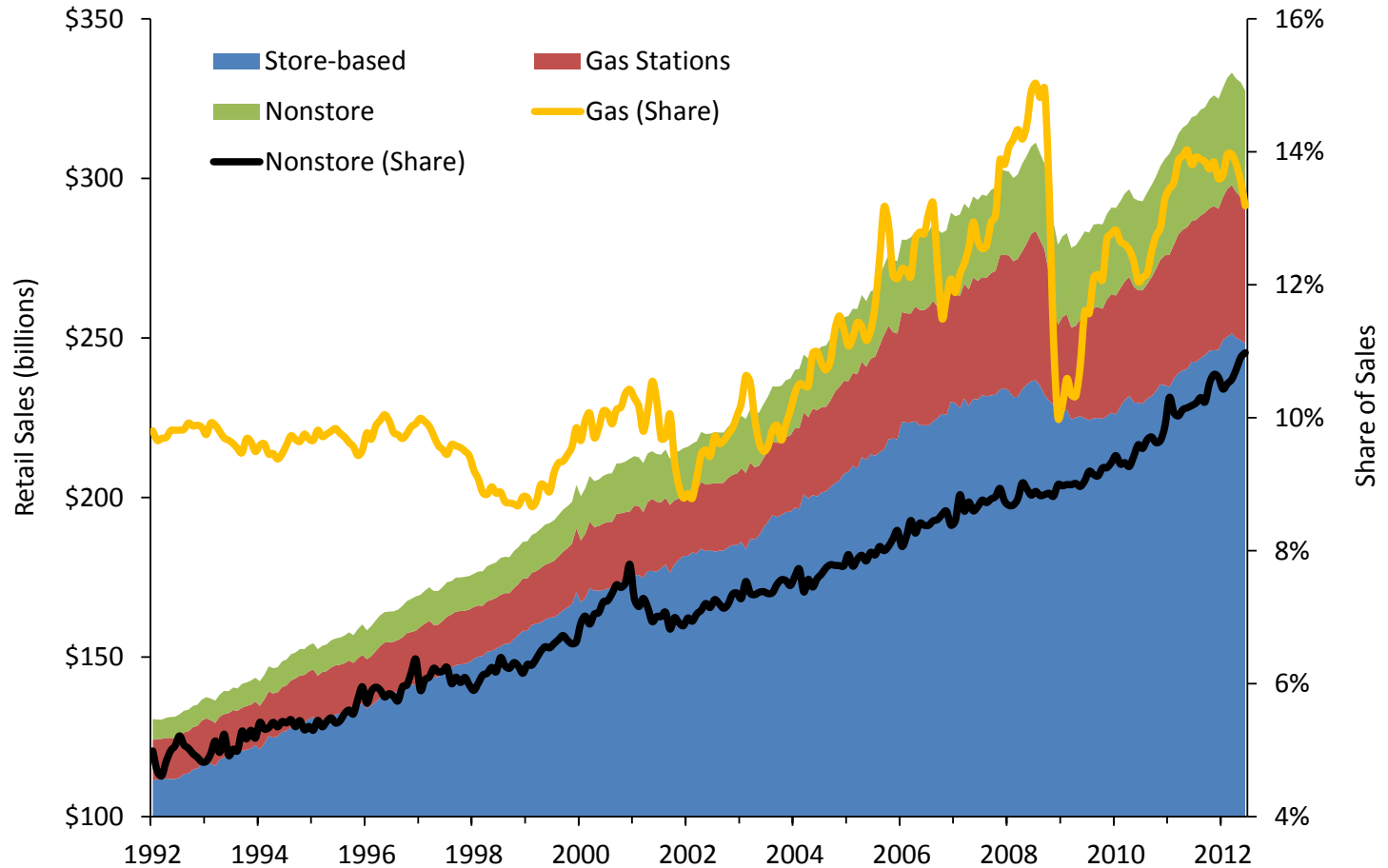
Tech Markets Experiencing Fastest Office Demand Growth



*Bubble Size Denotes Market Size

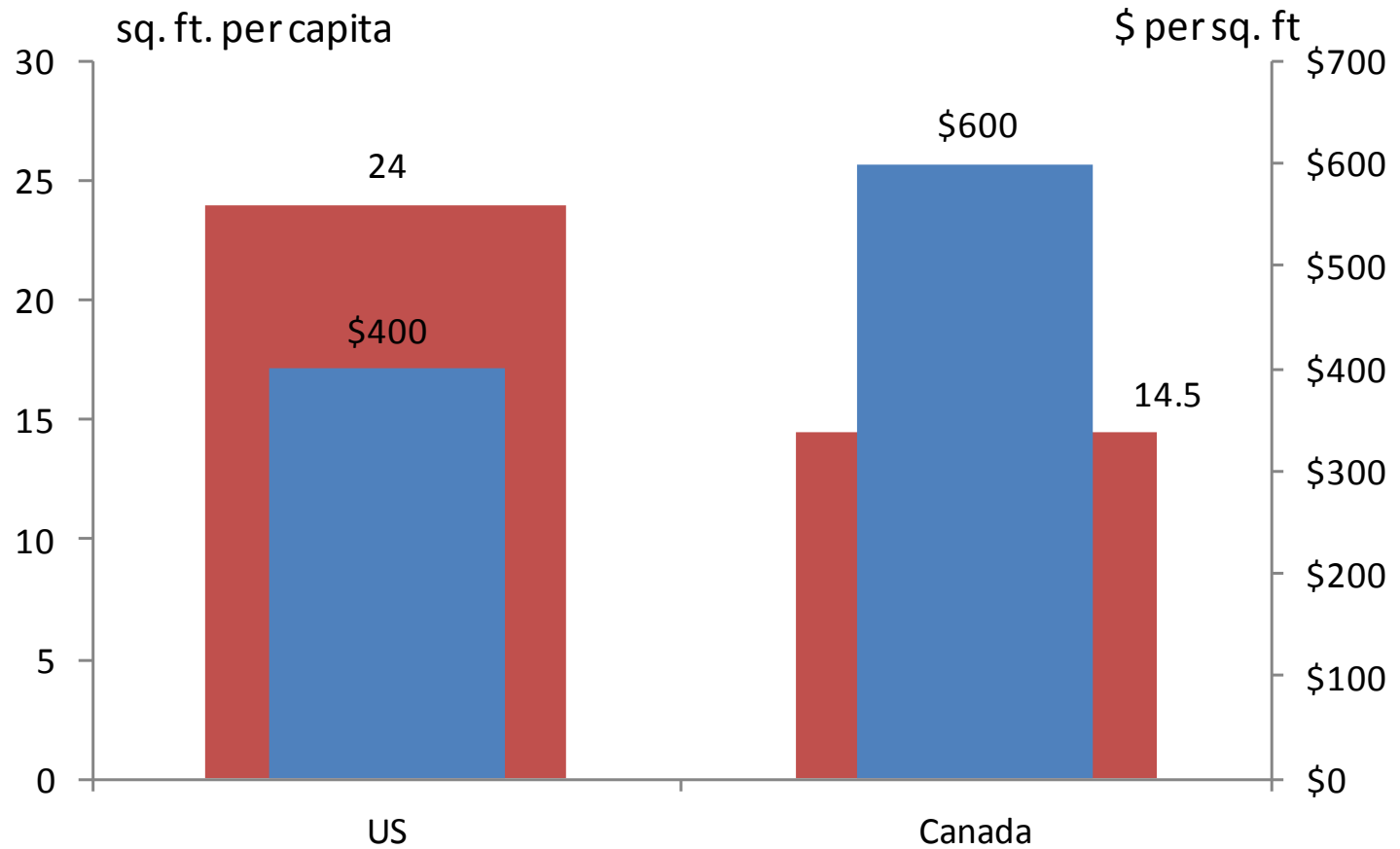
Sources: CBRE-EA

Retail Sales Rising Again but Gas and Internet Sales grabbing a Larger Share



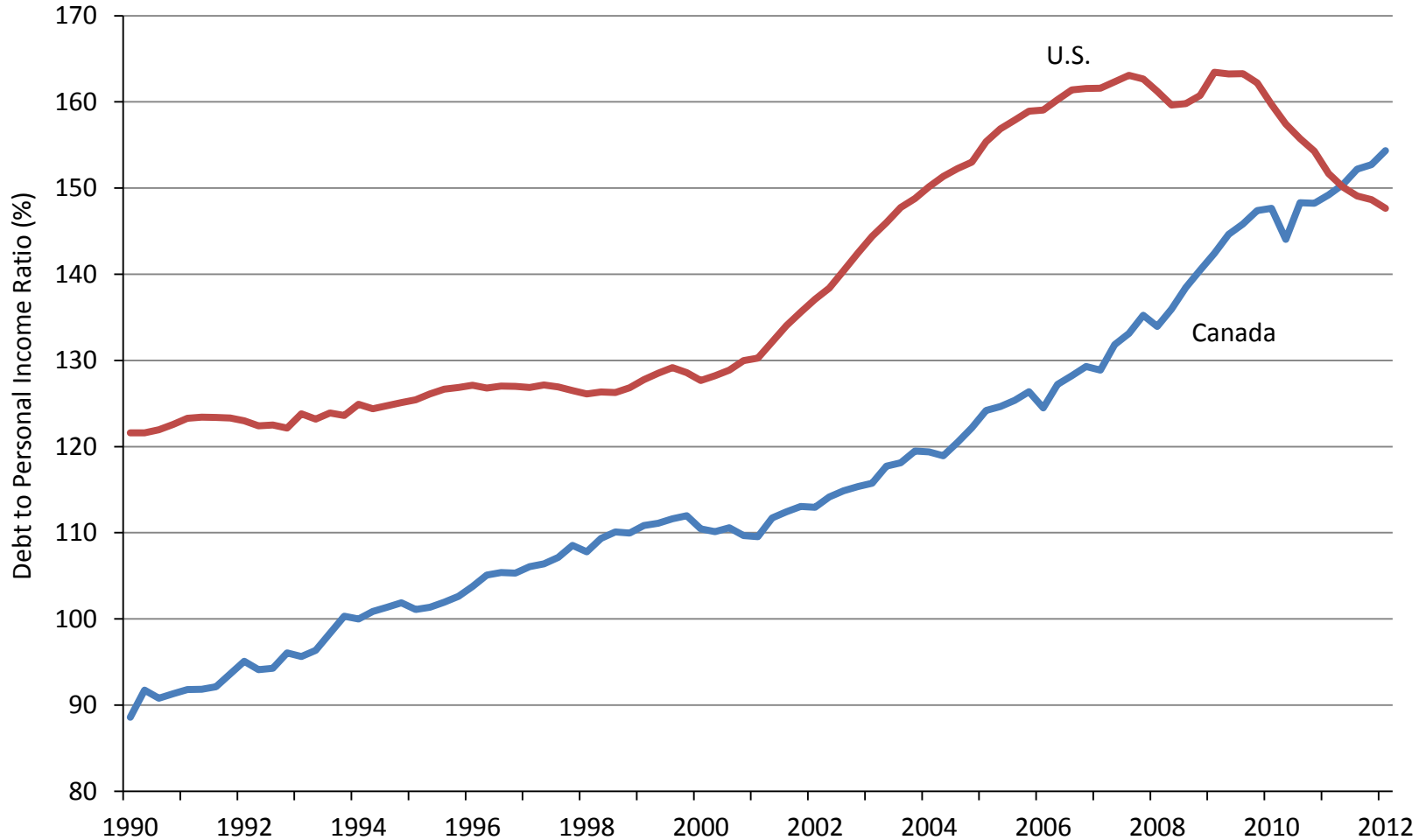
Source: U.S. Census Bureau

American Consumers have far more options for spreading out our shopping dollars



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Perhaps you are following our path to profligacy...



Sources: Statistics Canada, Federal Reserve, BEA, Bentall Kennedy

The Reality of the American Housing Bust Continues to Play Out

SEEMAN Moore White Gardner

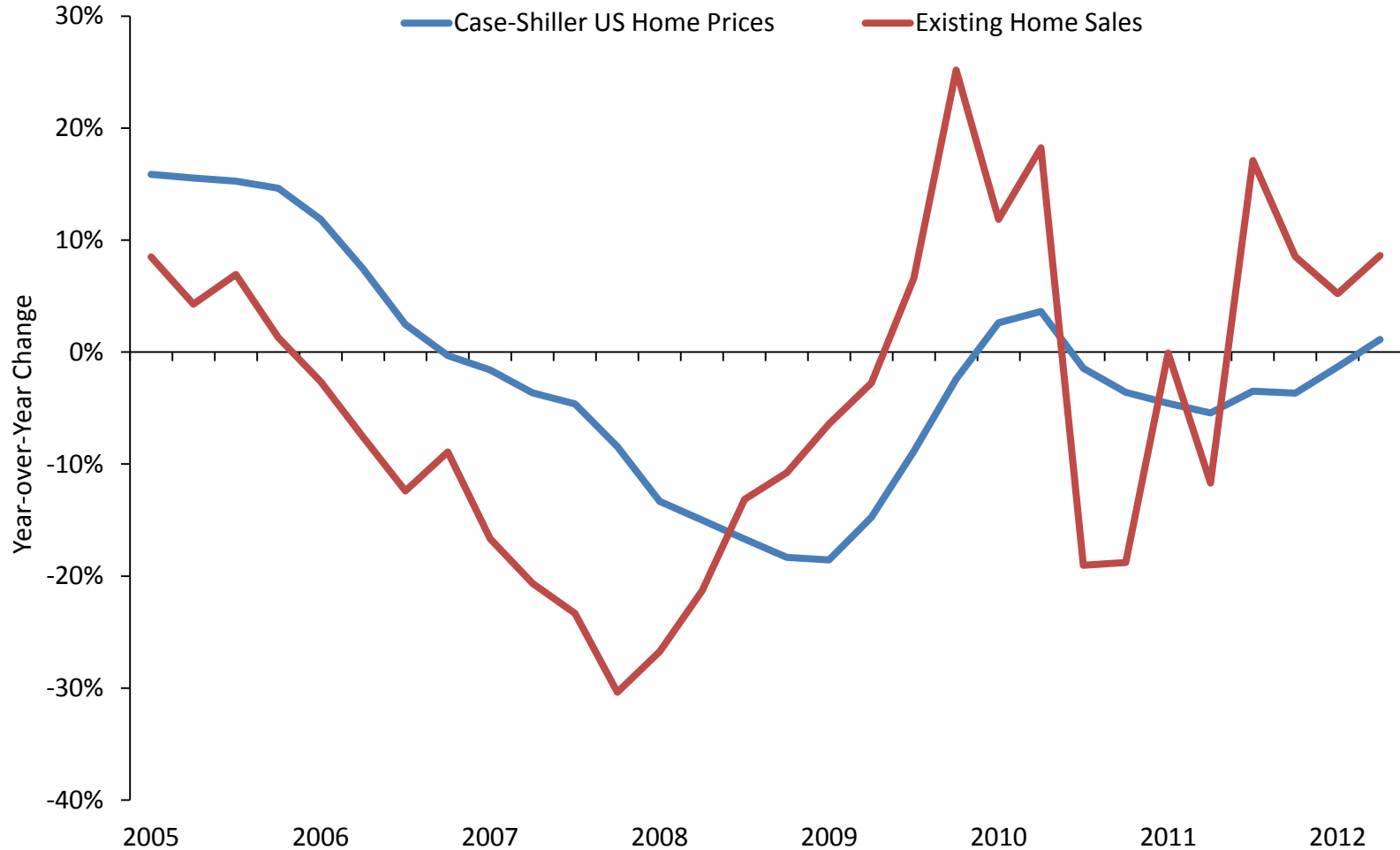
CAN I MOVE
BACK IN WITH
YOU UNTIL I FIND
A JOB?



THAT'S FUNNY.
I JUST ASKED
YOUR GRANDPARENTS
THE SAME QUESTION.

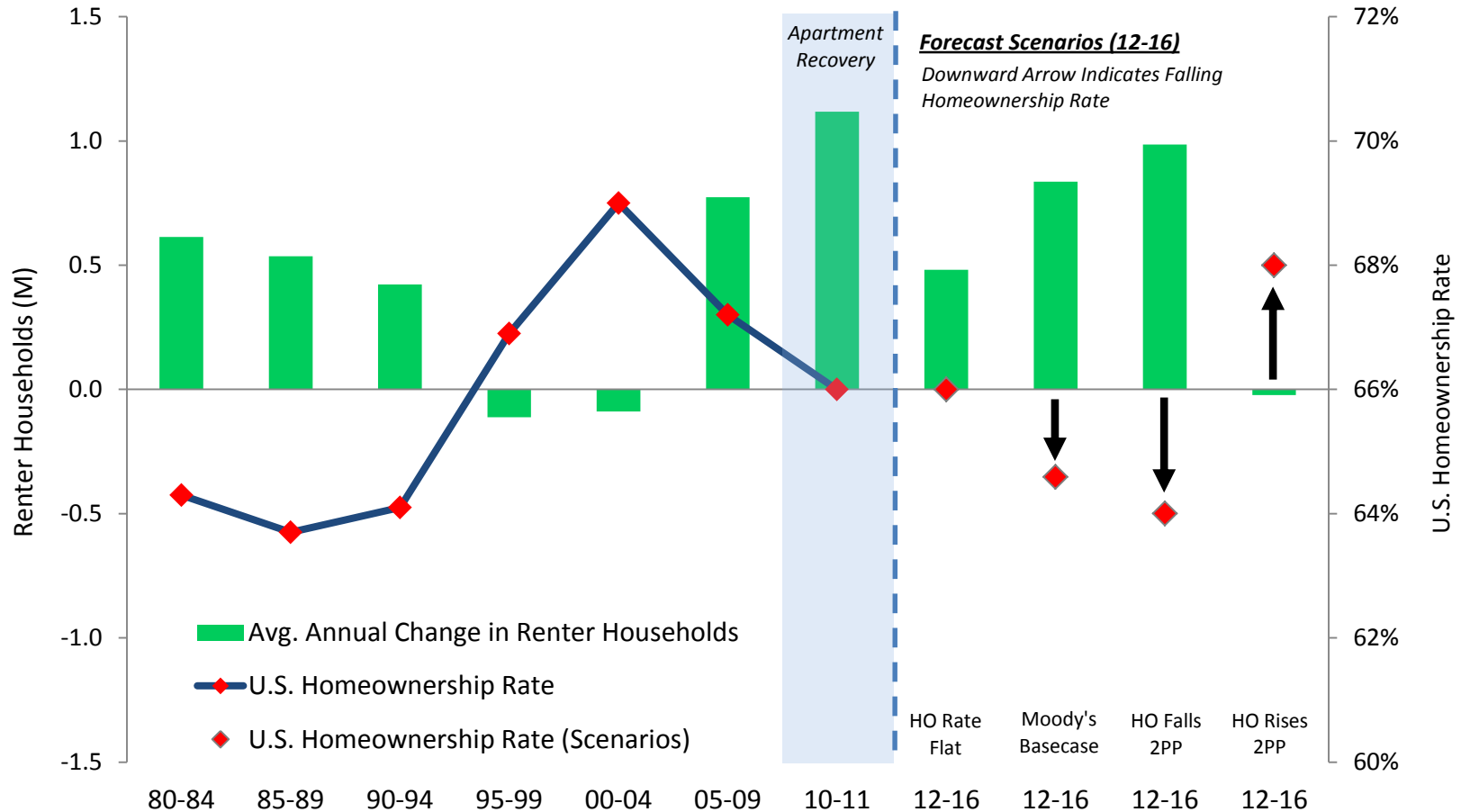


Home Prices Stabilizing (Hopefully) as Sales Volume Improves



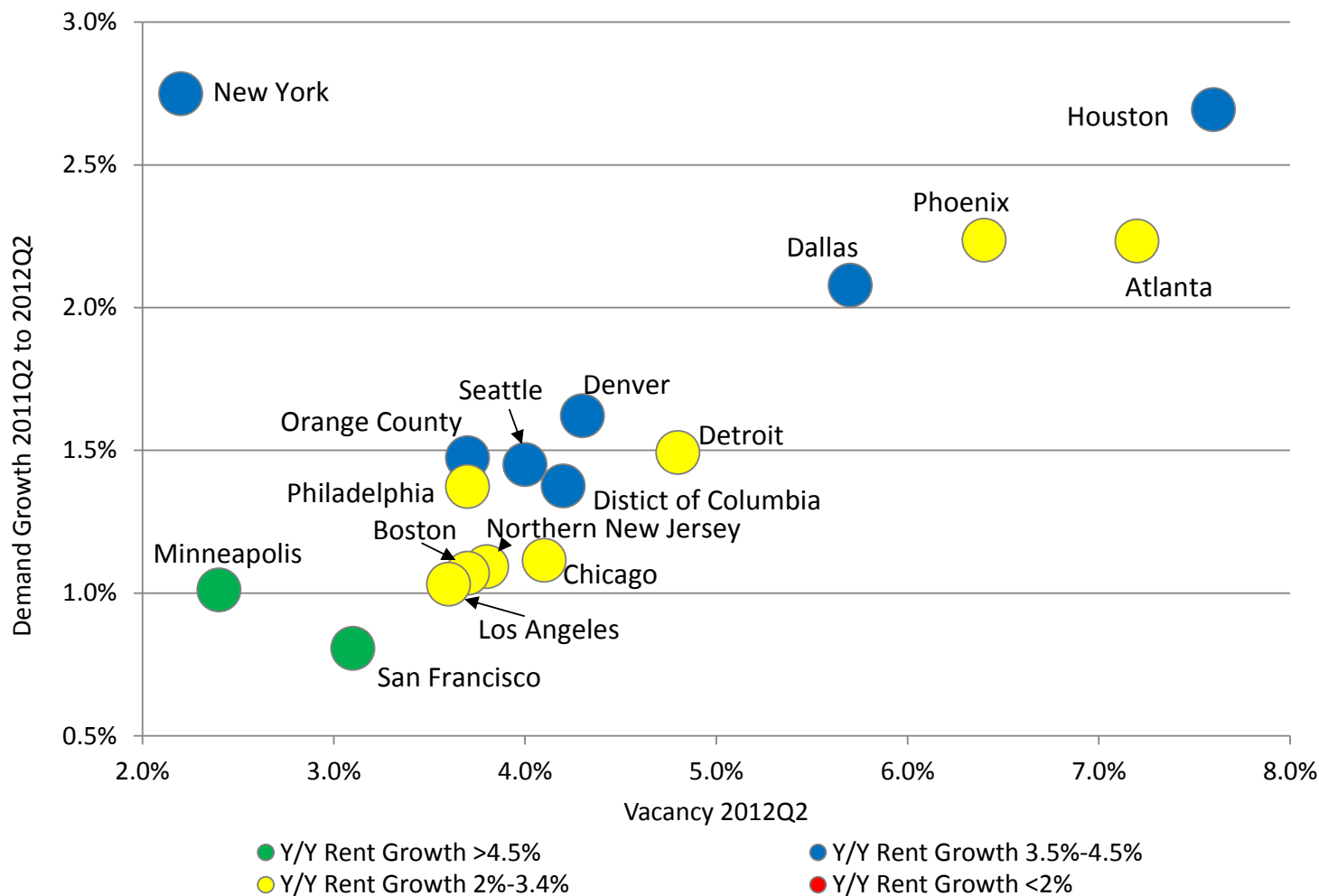
Sources: S&P/Case-Shiller, National Association of Realtors

Renter Households Set for Continued Strong Growth



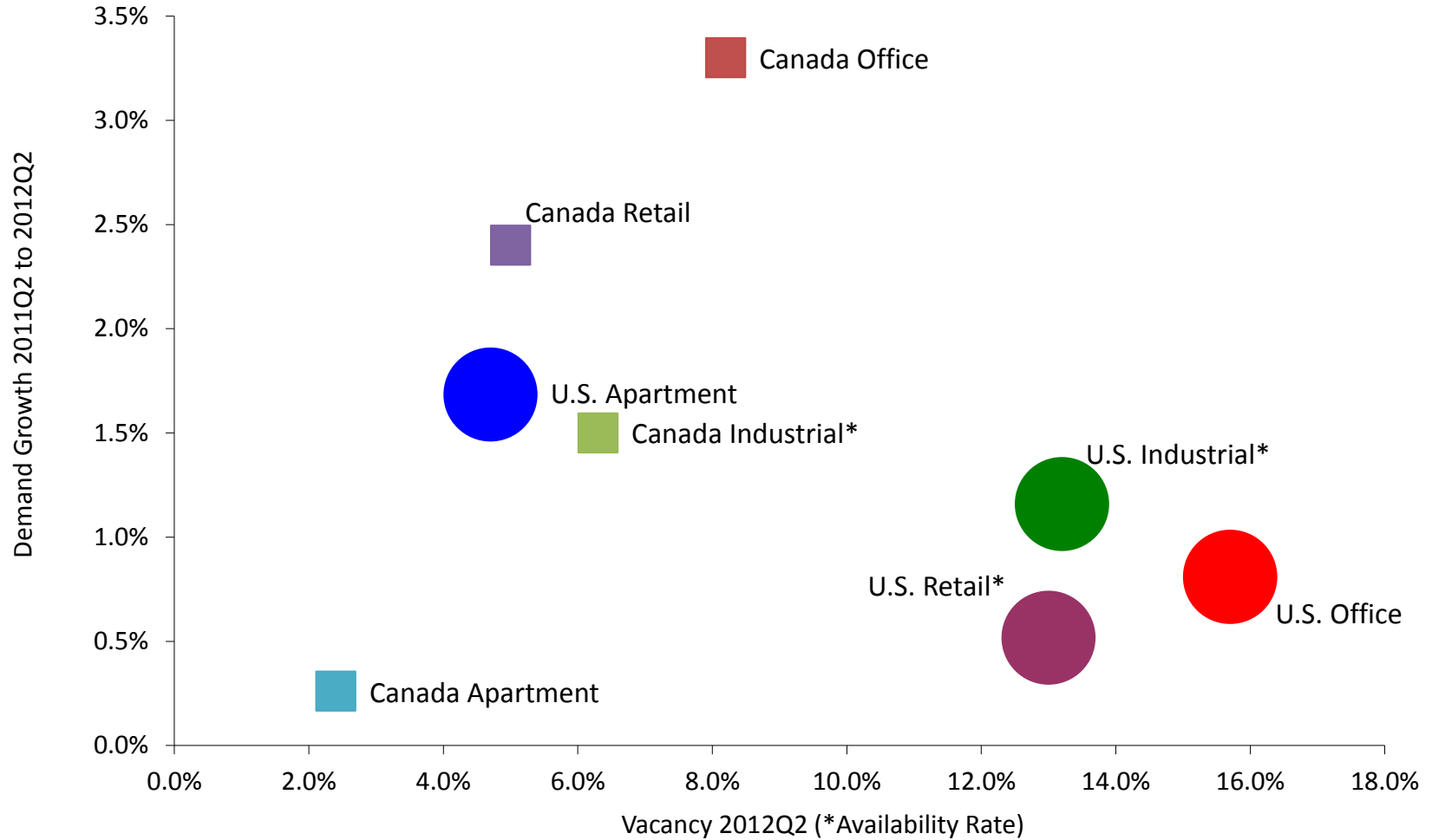
Sources: Moody's Analytics, U.S. Census Bureau, Bentall Kennedy Research

Apartment Market Experiencing Strong Rent Growth



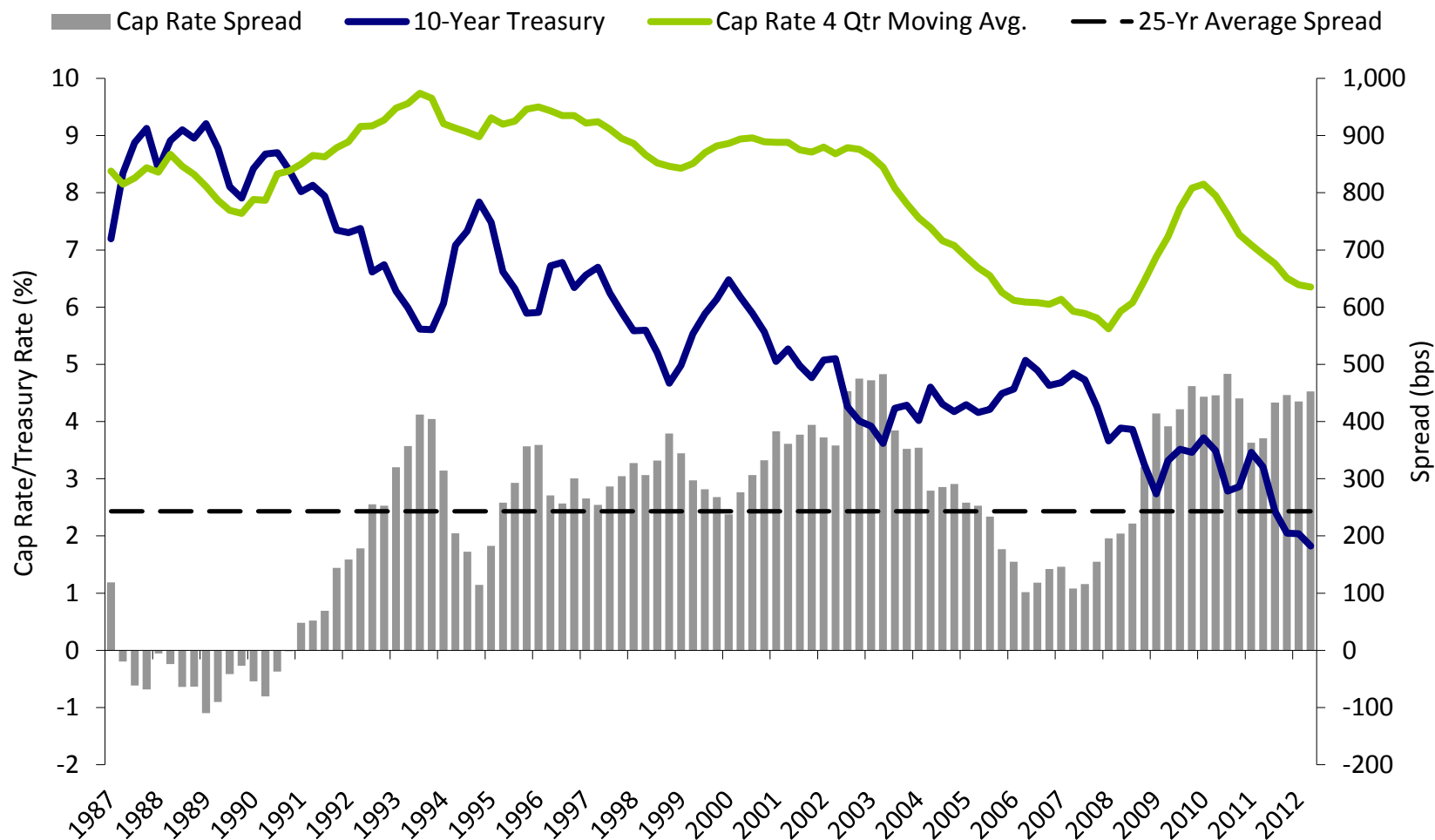
Source: REIS

Apartment Market is only one similar to Canadian Markets



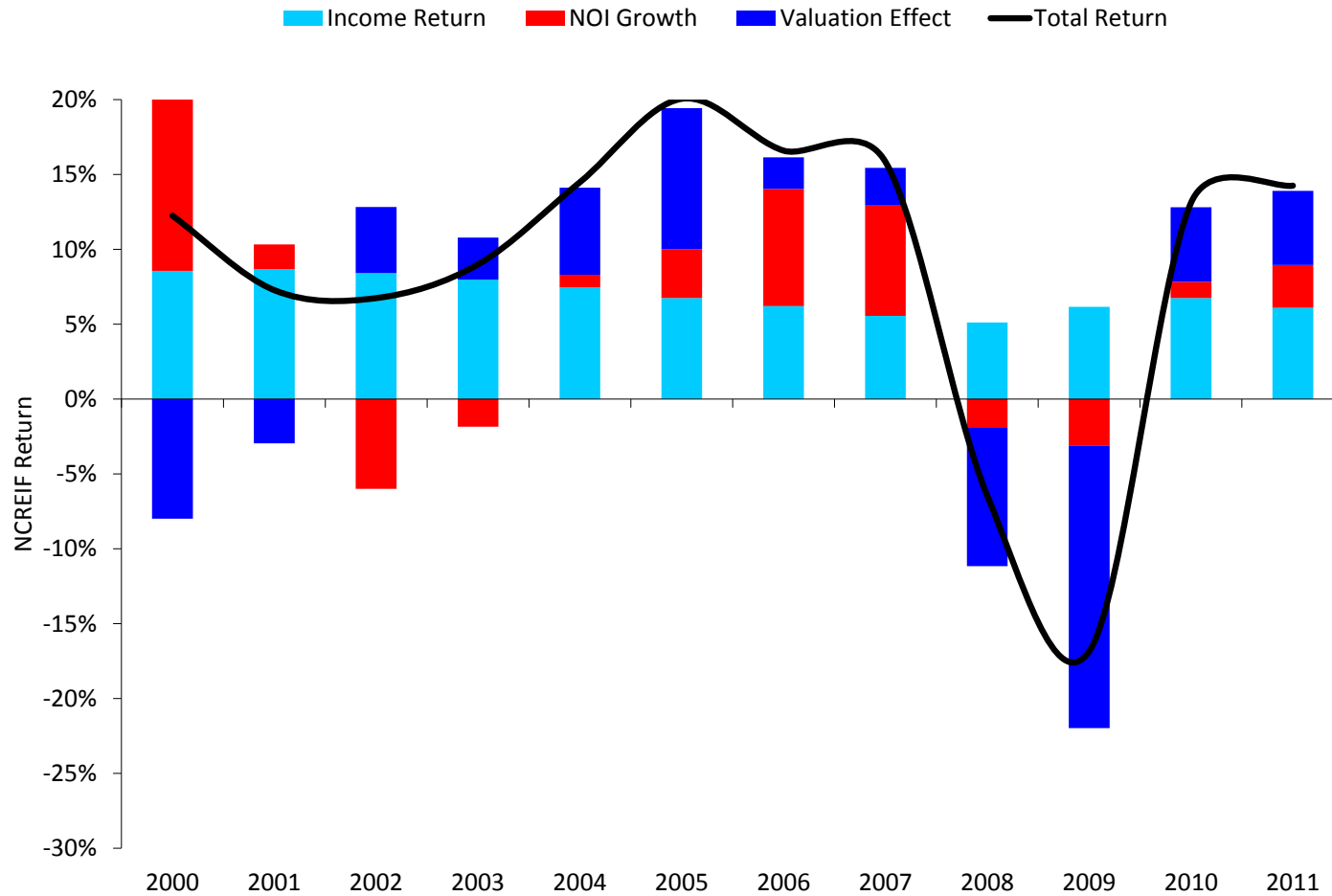
Sources: CBRE-EA, REIS, CMHC

Real Estate Offering Attractive Yields Versus Treasuries



Sources: Federal Reserve, Moody's Analytics, NCREIF (transaction-based cap rates)

“Valuation Effect” has played a Significant Role in the Rebound of CRE Performance



Sources: NCREIF, Bentall Kennedy Research