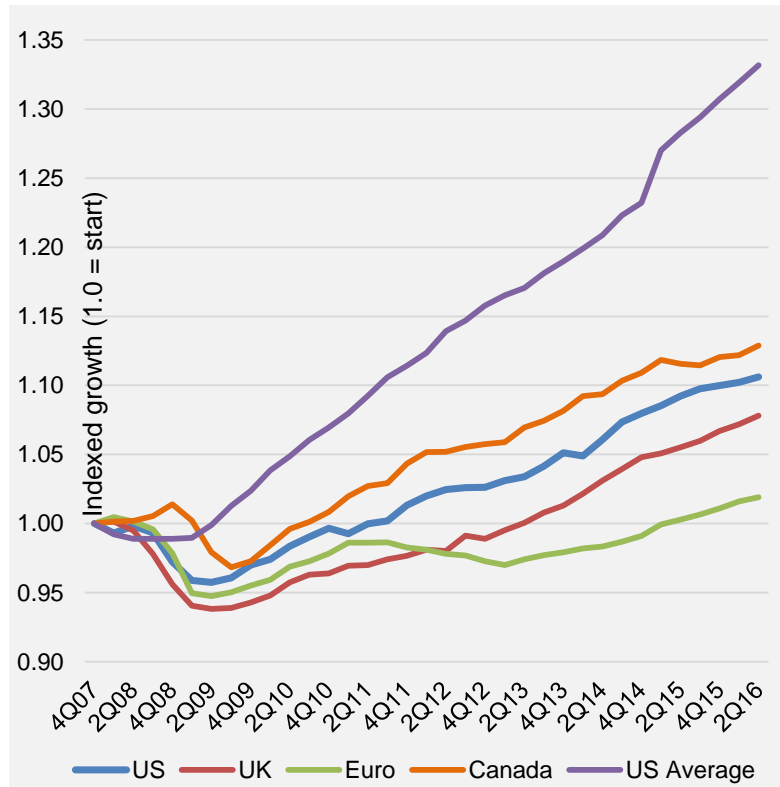


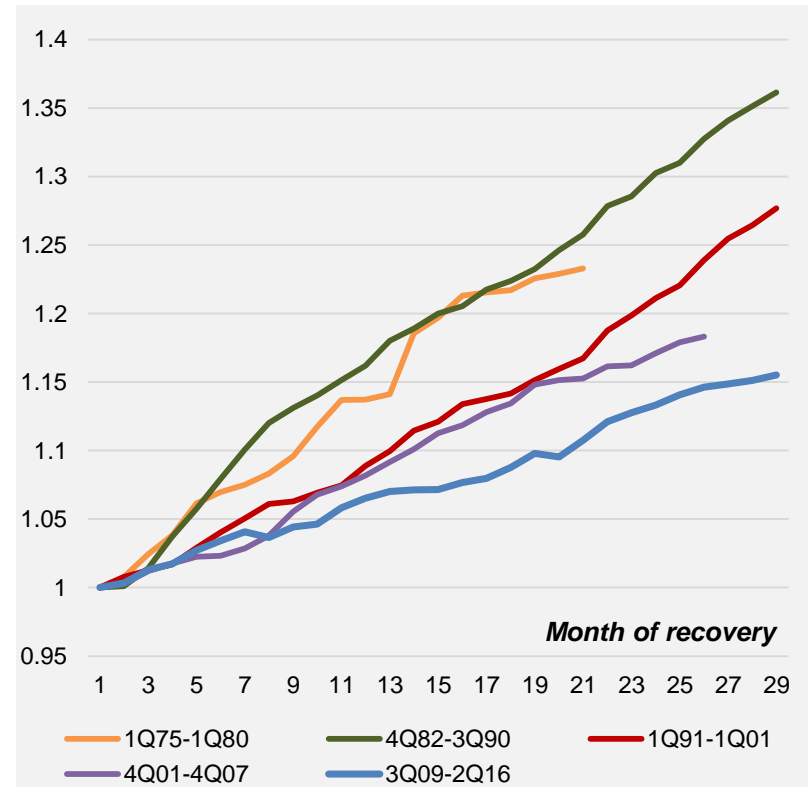
# A Stealth U.S. Recovery

## Slower, more moderate than “normal” but faster than Europe

GDP “Great Recession” vs. Europe and Typical U.S. Pattern



U.S. Recovery Patterns Since 1980



**U.S. outpaces Europe but lags typical recovery (and Canada).**

Sources: IHS Global Insight, U.S. BEA, Eurostat and Colliers International.

**Recent U.S. recoveries progressively weaker.**

# Expansion

## The Uneven, Moderate ~~Recovery~~ Continues Not perfect but good enough for property markets

- Strong enough to drive tenant demand and property investment and yet . . .
- Not strong enough to overheat (most) markets or encourage excessive supply

### THE GOOD



Home prices back to prior peak and home starts are rising



Employment well past prior peak and still going strong



Consumers happier, stronger, confident . . . and spending



Credit markets still benign

### THE BAD



Skewed recovery; weak wage growth



Slow global growth; strong dollar; European banks



Weak mfg / exports; falling corporate profits and CAPEX

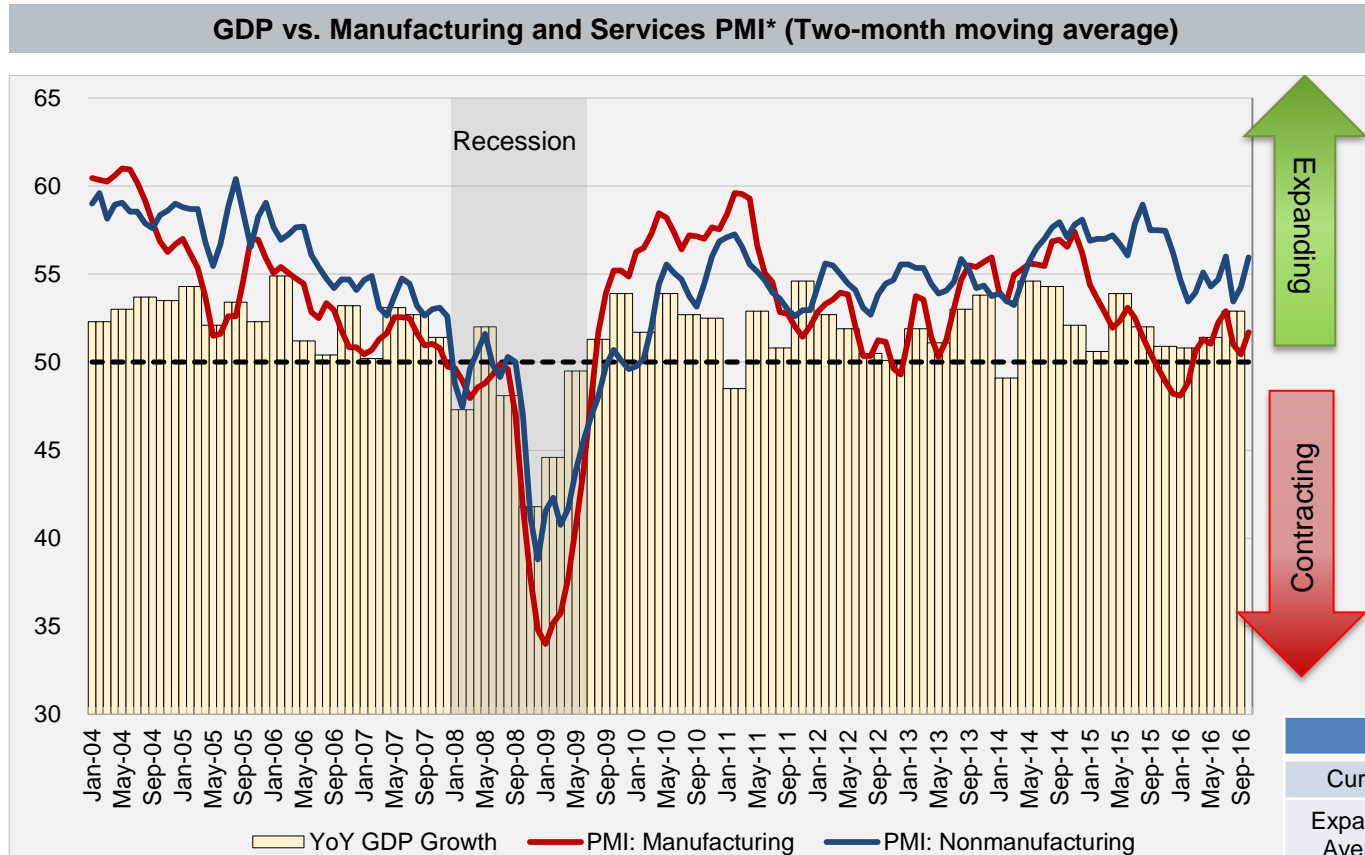


Aging expansion

Source: Colliers International

# Moderate Manufacturing and Services PMIs

## Services stronger; manufacturing recovering



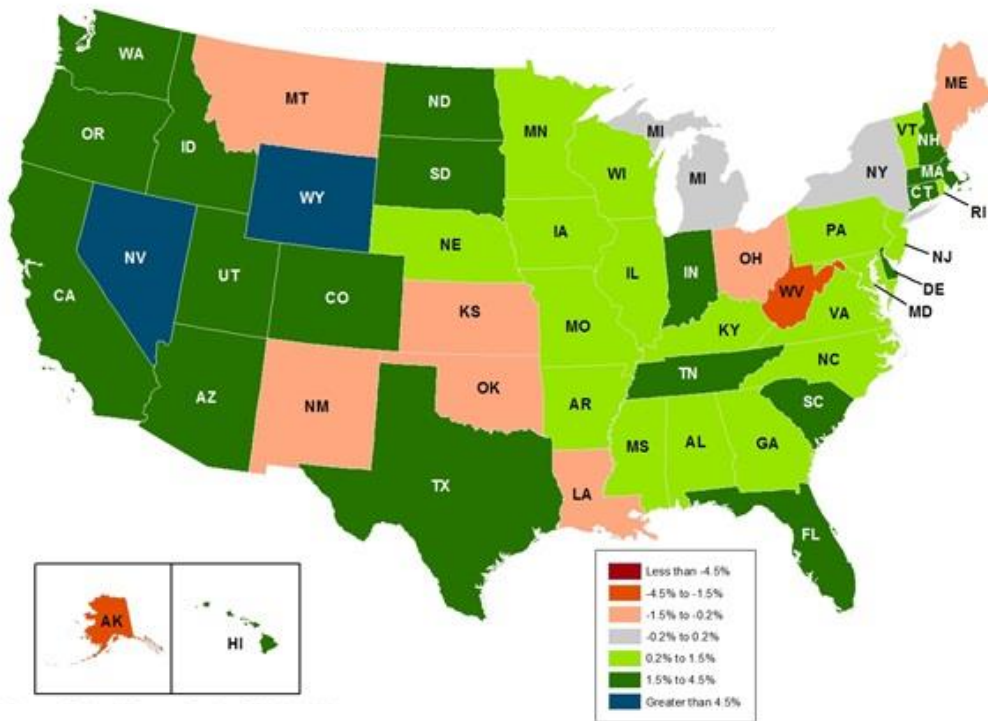
\* > 50 = Expanding; < 50 = Contracting, GDP adjusted to PMI scale for comparison. Data as of October 2016.

Sources: National Bureau of Economic Research and Institute for Supply Management via Haver Analytics and Colliers International.

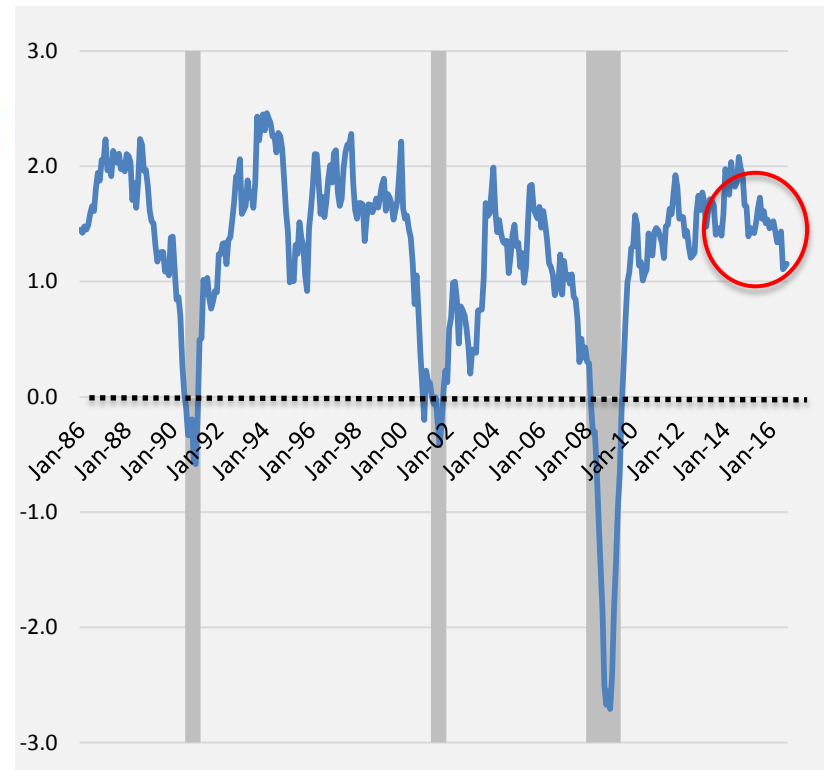
# Leading Indicators Still Positive, But Trending Down

## U.S. and most states expanding, but more states declining

State Leading Indexes: Expected Six-Month Change



U.S. Leading Economic Indicator Index



Source: Federal Reserve Bank of Philadelphia and Colliers International. Data as of September 2016.