



UPDATE AND OUTLOOK FOR REAL ESTATE CAPITAL MARKETS

RCLCO Monthly Webinar

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REAL ESTATE CONSULTING

TODAY'S PANELISTS



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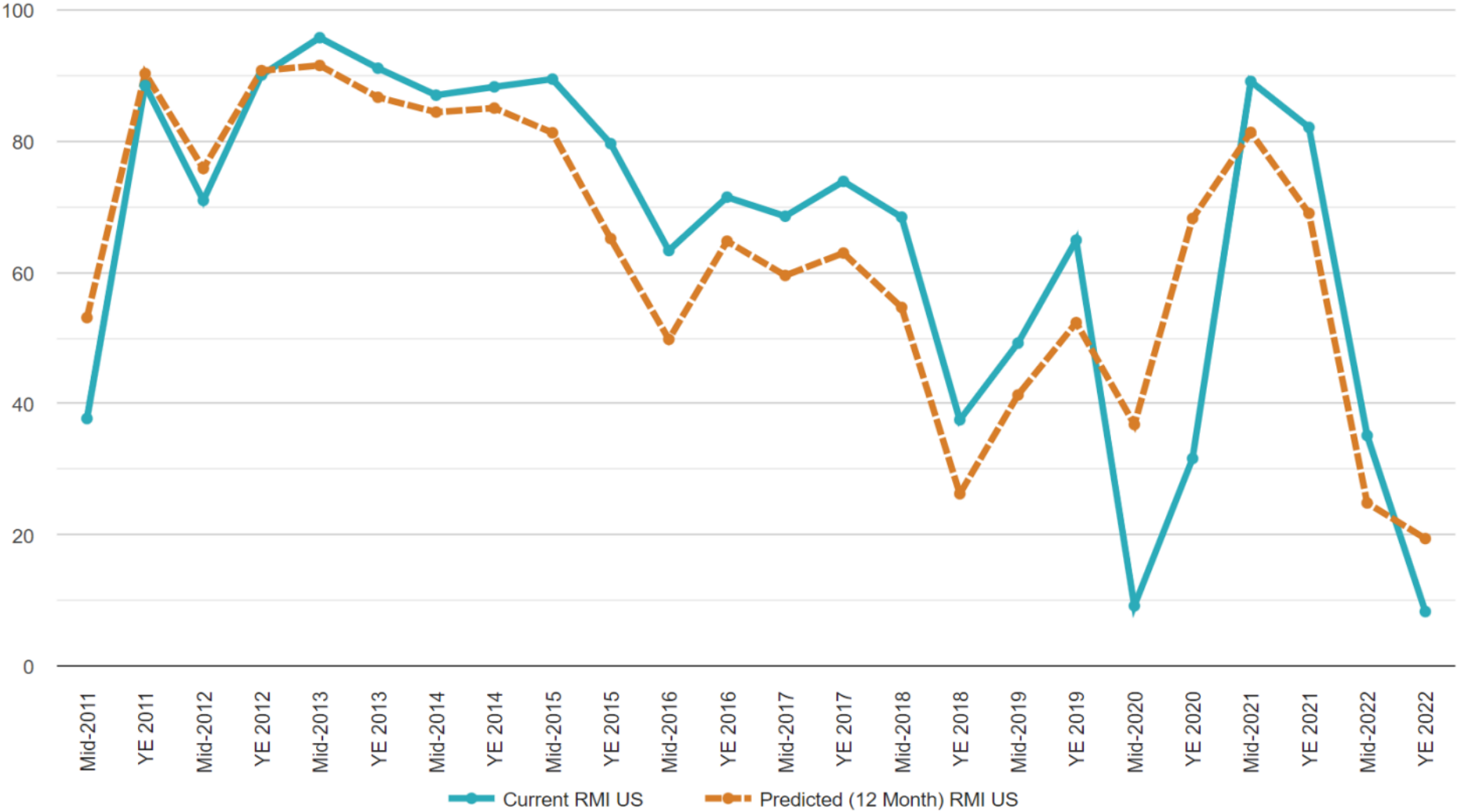
AGENDA

- ▶ **Sentiment Survey Results**
- ▶ **Outlook**
- ▶ **Q&A**

SENTIMENT SURVEY RESULTS

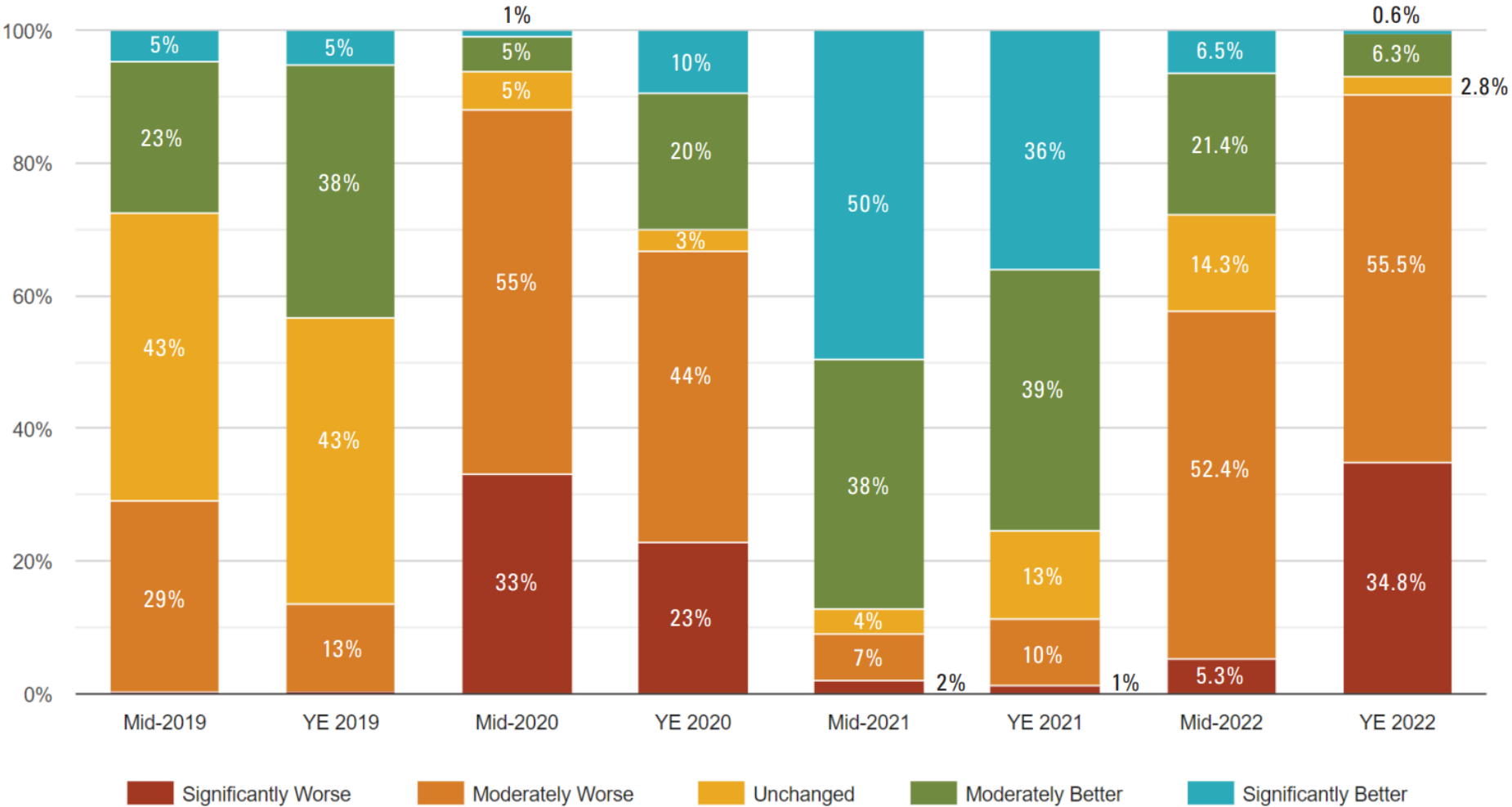
SENTIMENT SURVEY RESULTS

RCLCO National Real Estate Market Index



SENTIMENT SURVEY RESULTS

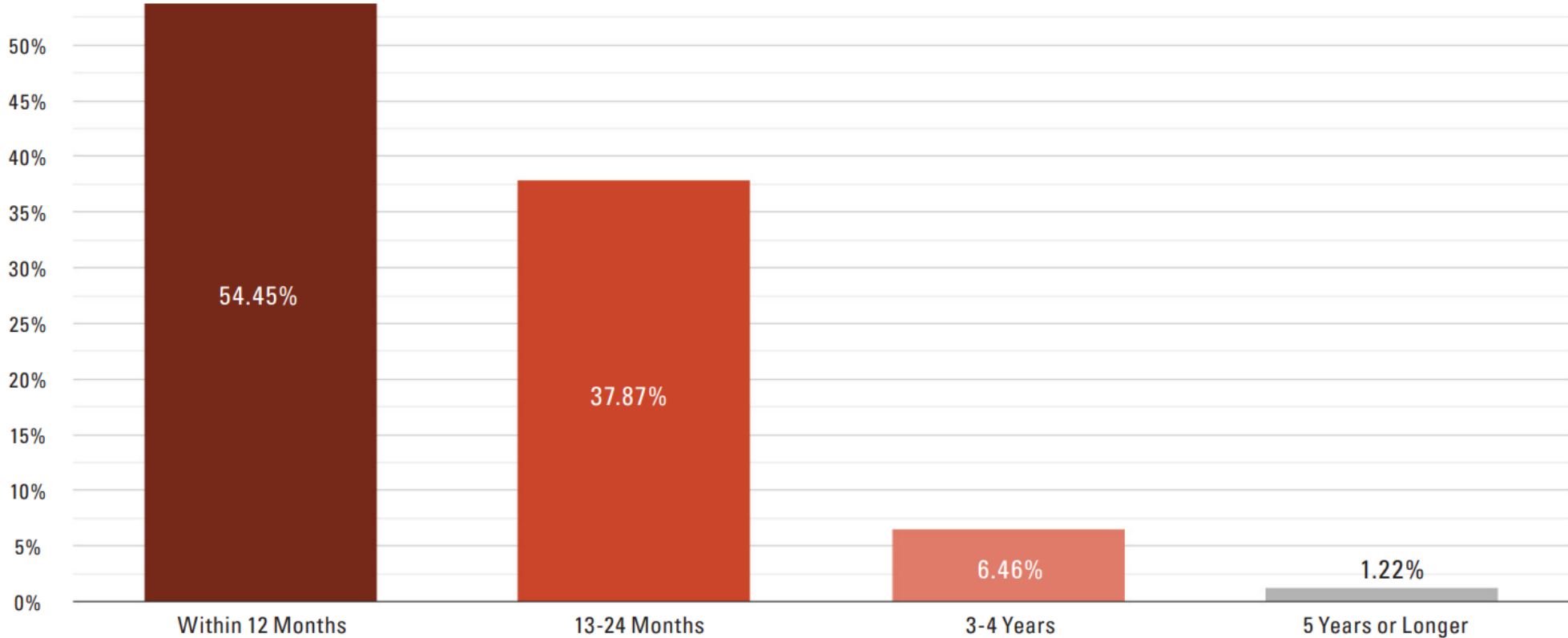
How Would You Rate National Real Estate Market Conditions Today Compared with One Year Ago?



Source: RCLCO

SENTIMENT SURVEY RESULTS

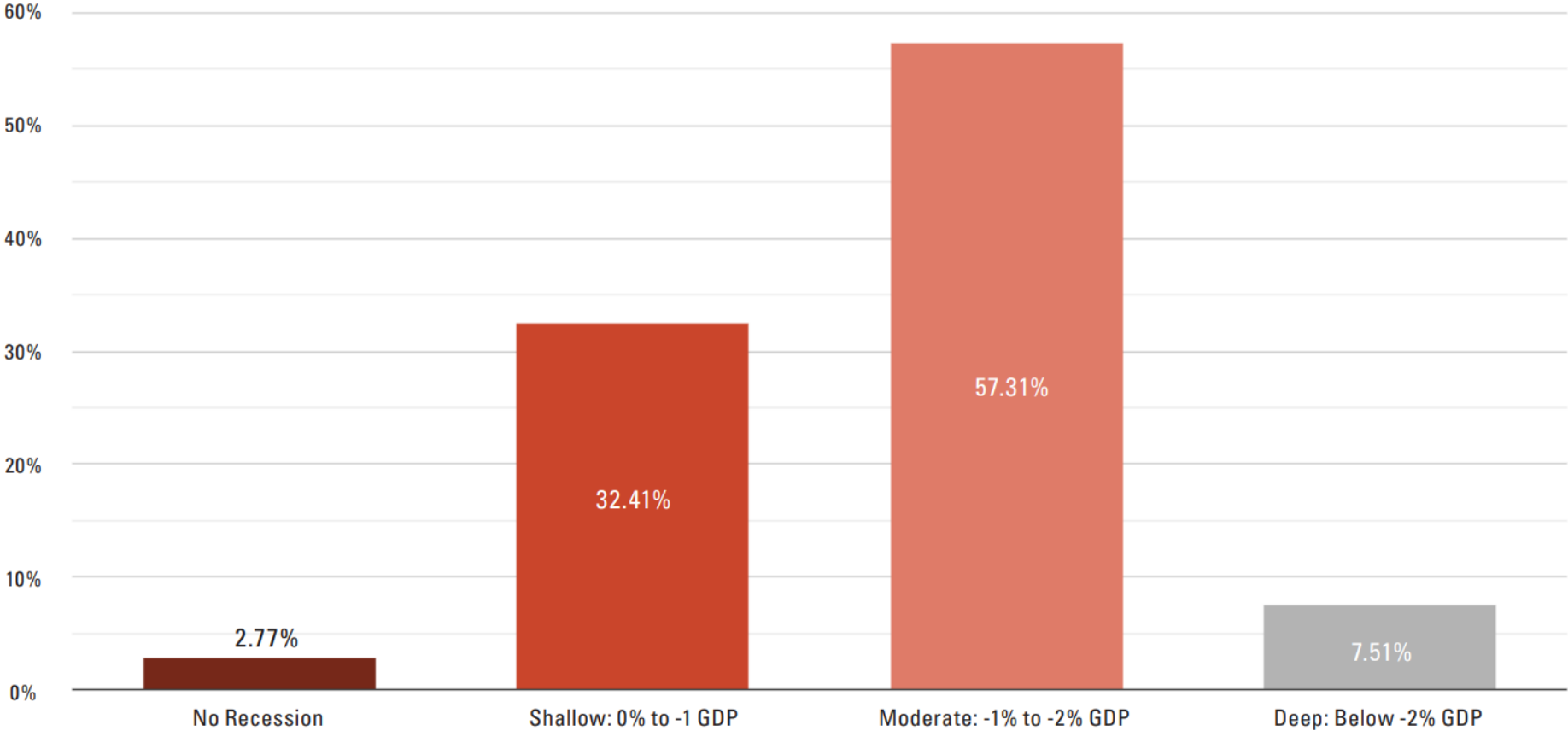
When Will the Next U.S. Recession Occur?



Source: RCLCO

SENTIMENT SURVEY RESULTS

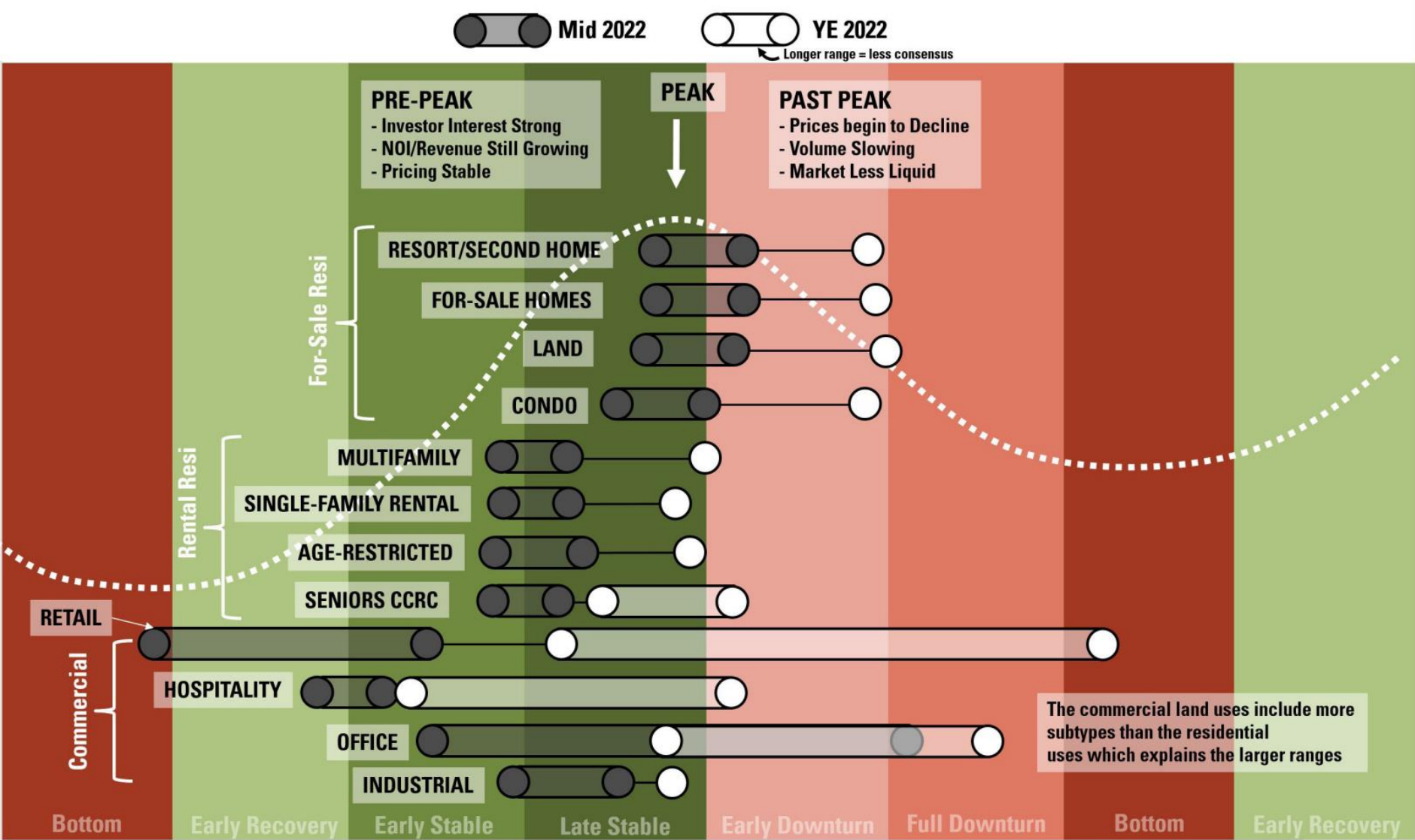
What Do You Believe the Depth of Recession Will Be?



Source: RCLCO

SENTIMENT SURVEY RESULTS

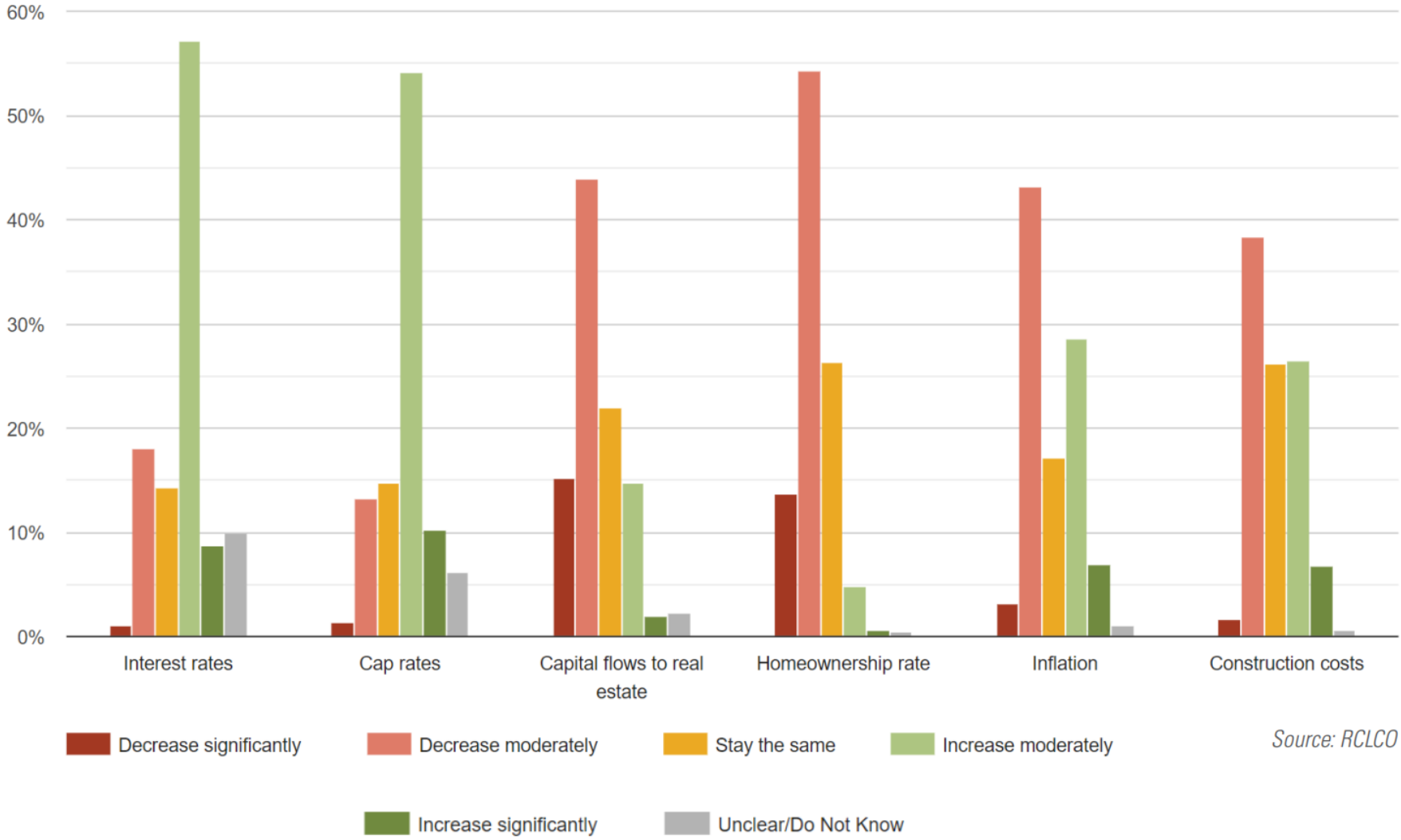
Cycle Stage Movement over the Past Six Months



Source: RCLCO

SENTIMENT SURVEY RESULTS

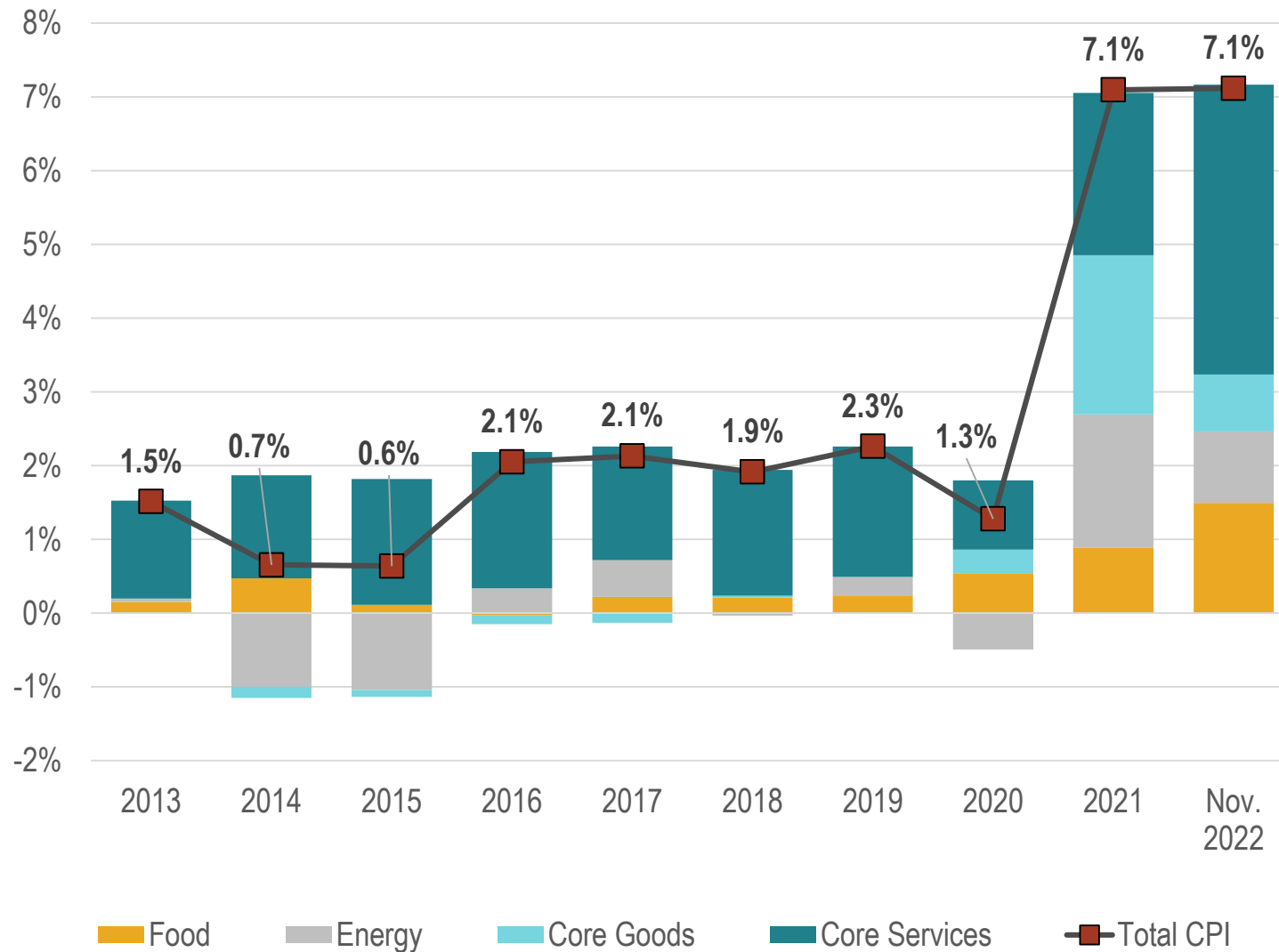
What do you expect to happen with the following economic indicators over the next 6 to 12 months nationally?



OUTLOOK

CORE SERVICES HAVE DRIVEN OVER 50% OF CPI INFLATION IN 2022

Annual CPI Inflation

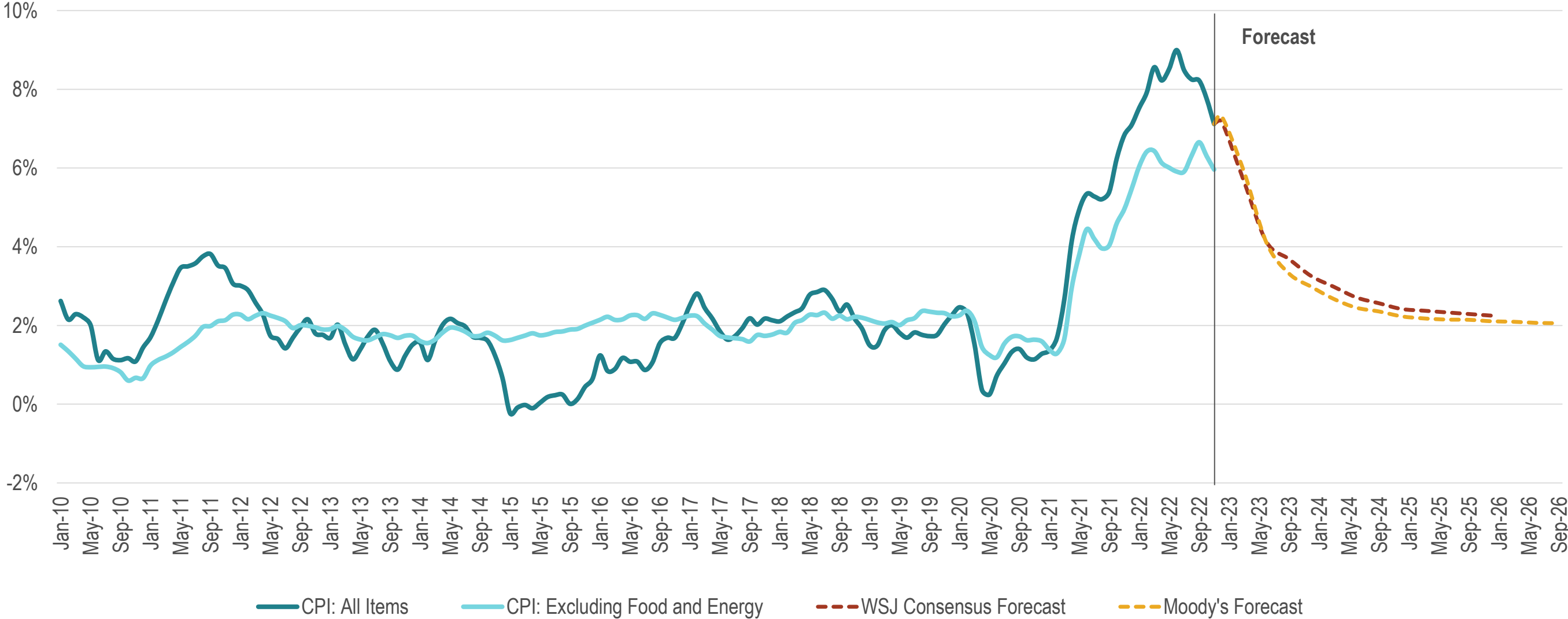


November 2022 Inflation

	Monthly	Trailing 12-Month
Apparel	0.2%	3.6%
Education & Communication	0.7%	0.7%
Food & Beverages	0.5%	10.3%
Other Goods & Services	0.7%	7.0%
Housing	0.4%	7.8%
Shelter	0.6%	7.1%
Medical Care	-0.5%	4.2%
Recreation	0.5%	4.8%
Transportation	-1.1%	7.8%
Food	0.5%	10.7%
Energy	-1.6%	13.0%
Core Goods	-0.5%	3.7%
Core Services	0.4%	6.8%
Total Core	0.2%	6.0%
All Items	0.1%	7.1%

INFLATION EXPECTED TO COOL AS FED TIGHTENING STARTS TO SHOW IMPACT

Trailing 12-Month CPI Change



Data are as of November 2022.

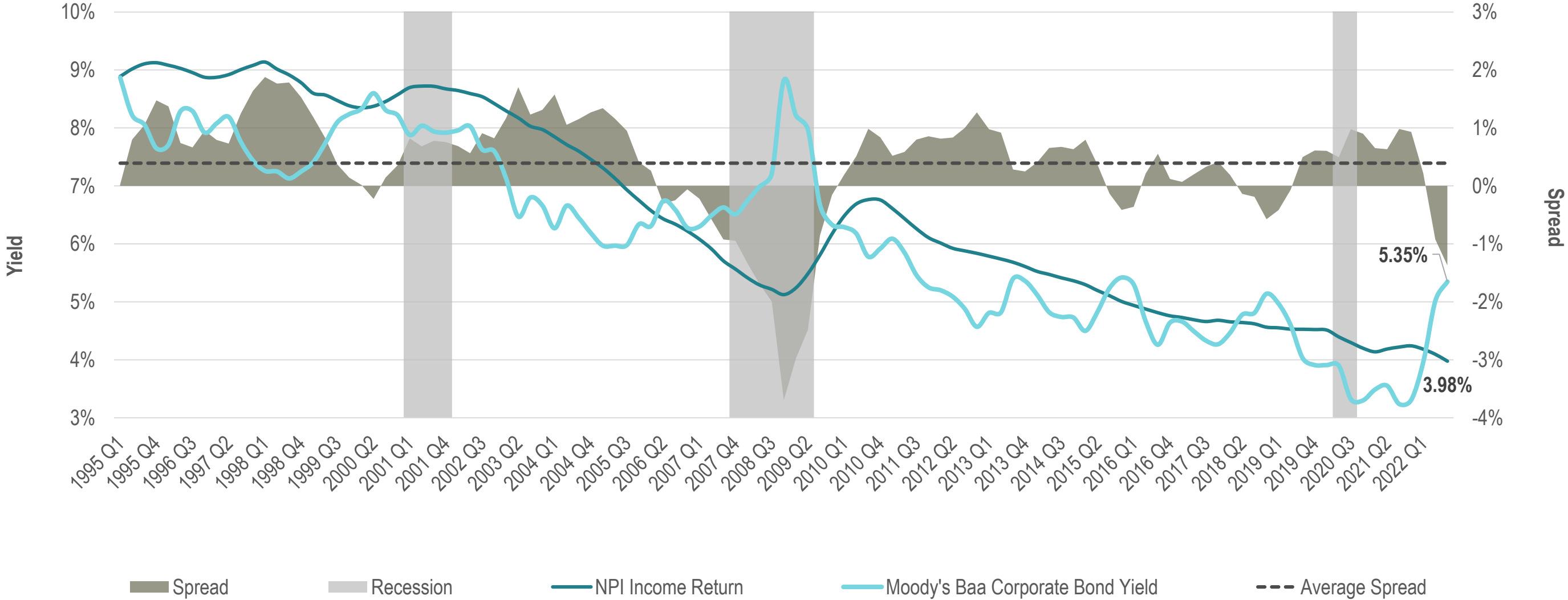
Note: Figures represent seasonally adjusted CPI.

Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis; Moody's Analytics; WSJ Consensus Forecasts



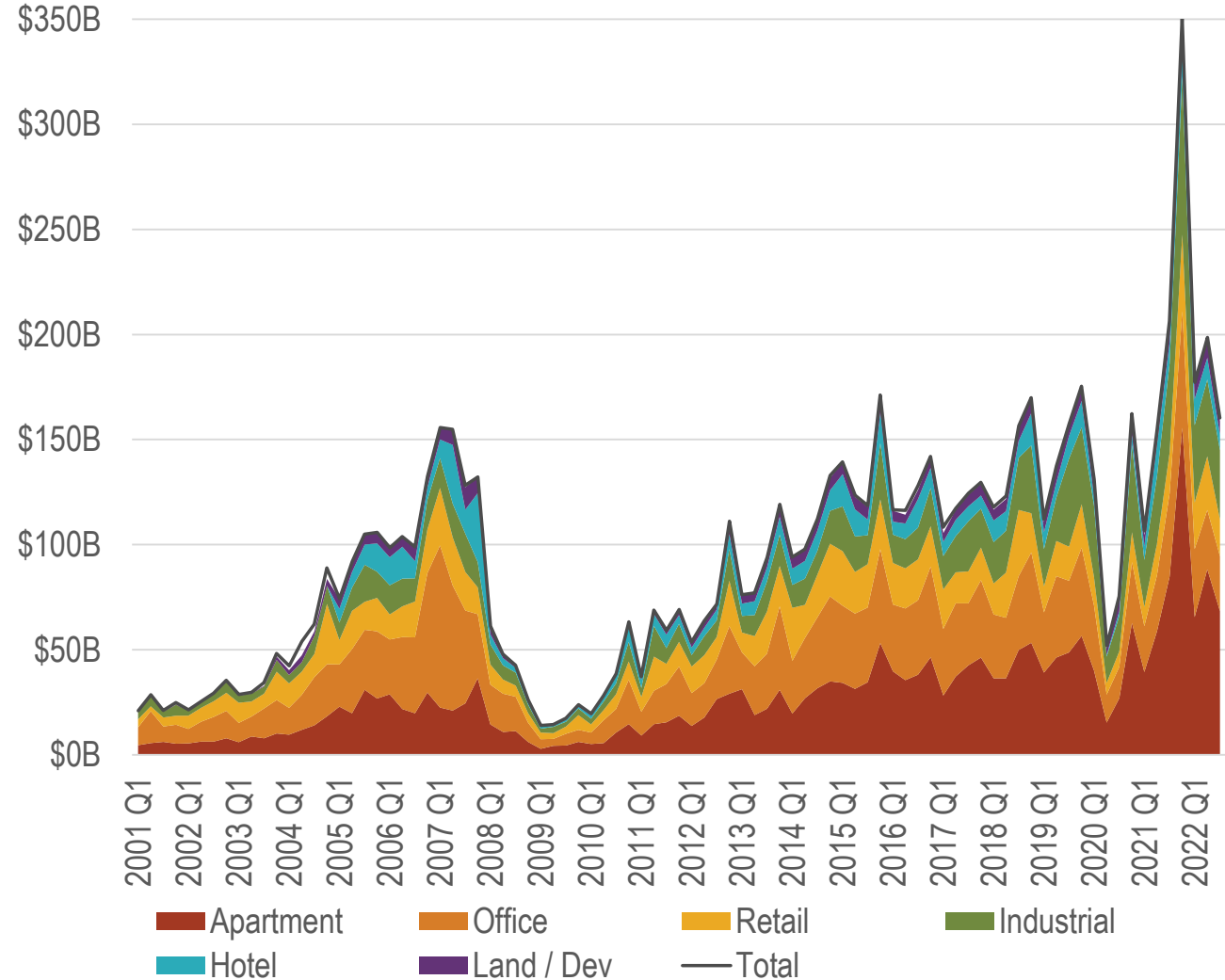
BAA BOND SPREAD TO NPI INCOME RETURN REMAINED SHARPLY INVERTED

Baa Bond and NPI Income Yields, Spreads

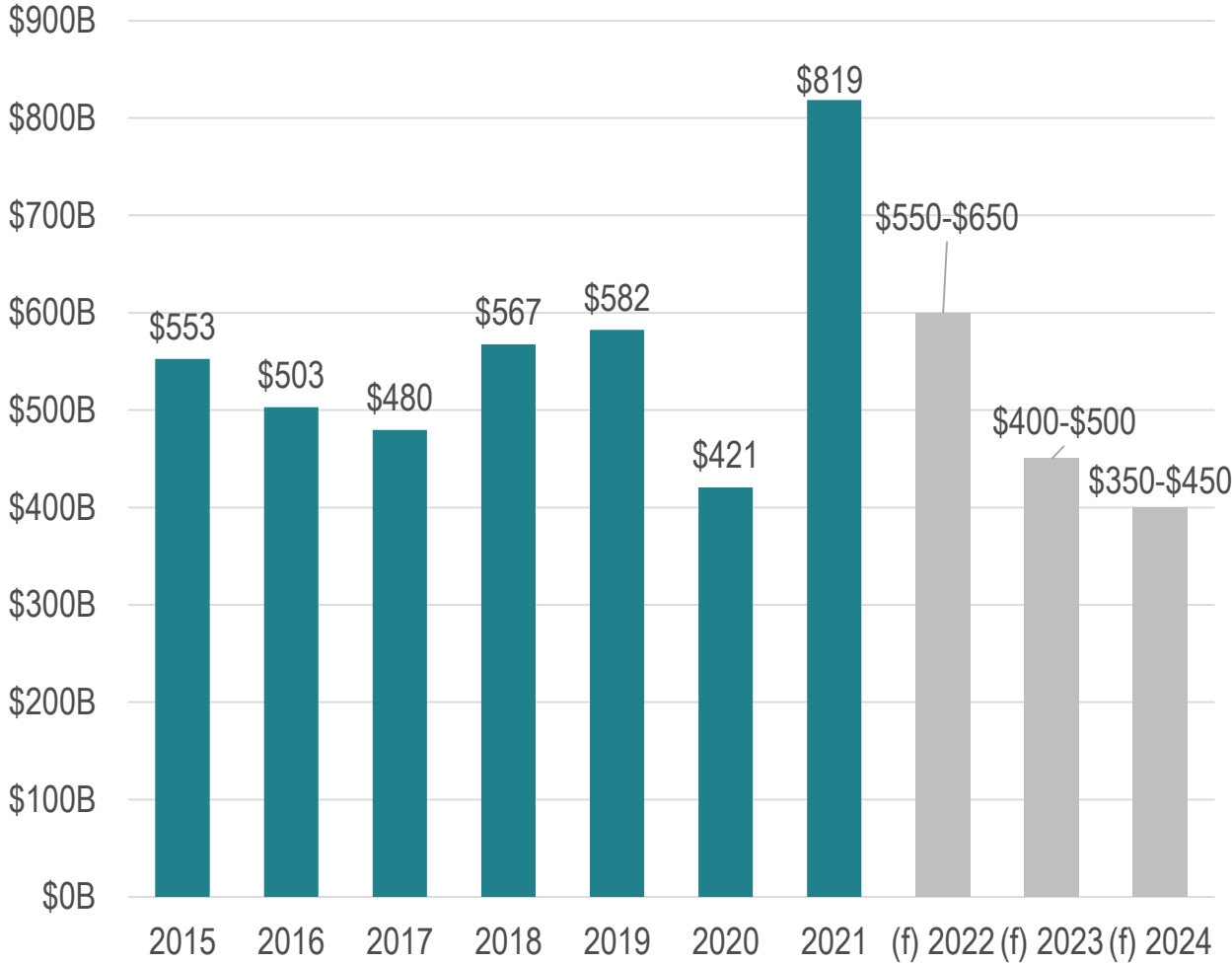


TRANSACTION VOLUMES MODERATING FROM 2021

Quarterly Transaction Volume

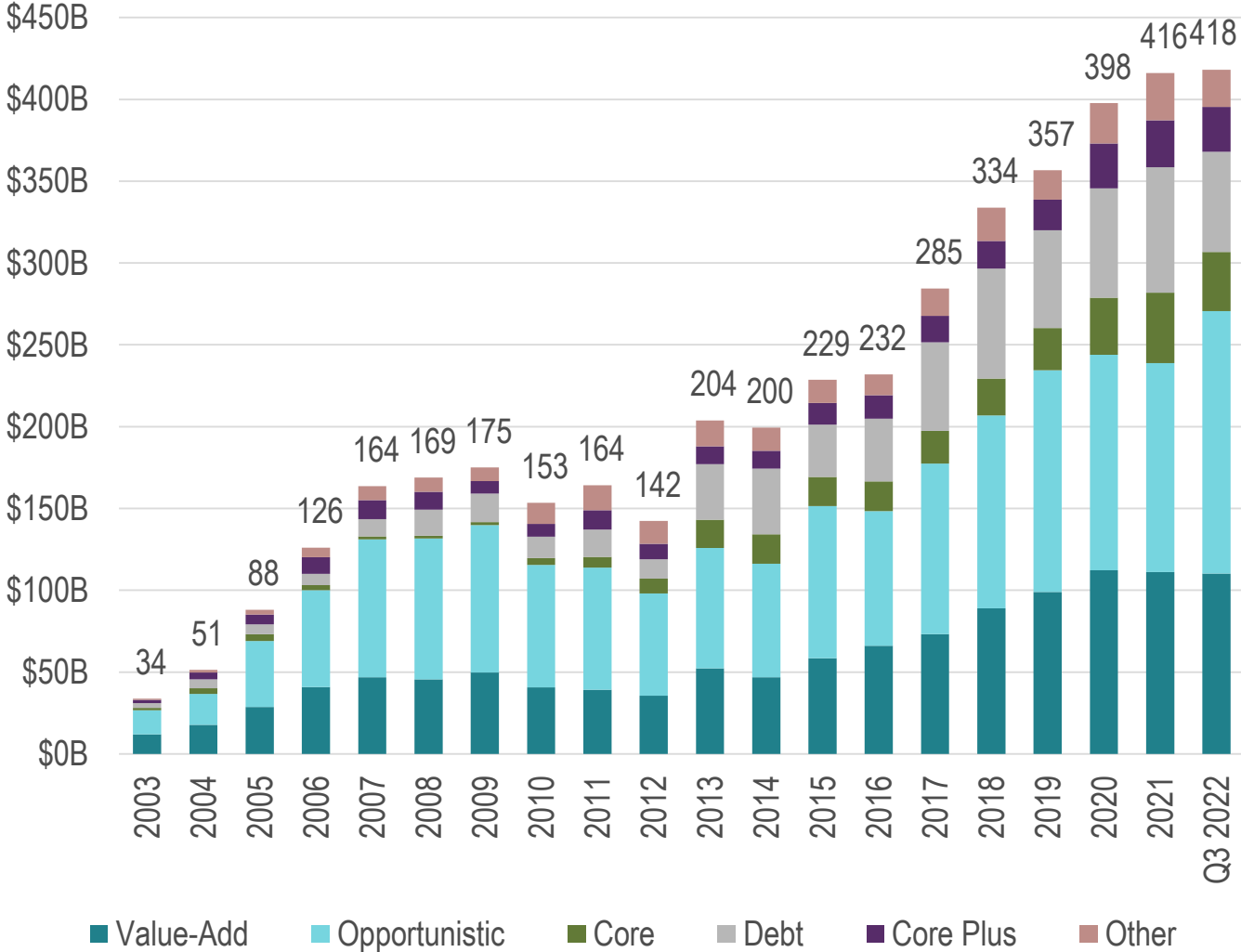


Annual Transaction Volume

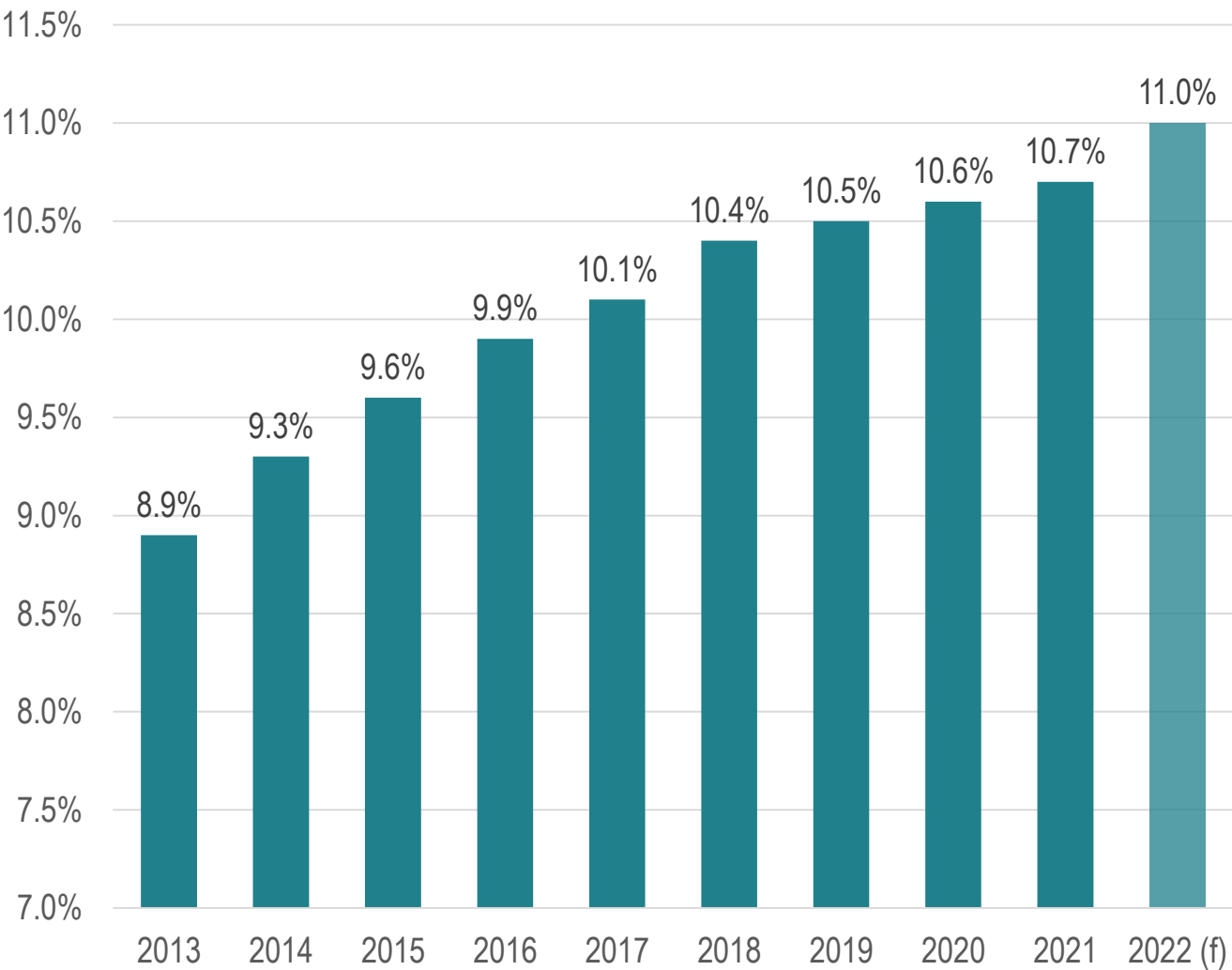


INSTITUTIONAL DRY POWDER REMAINS ELEVATED

Dry Powder by Strategy

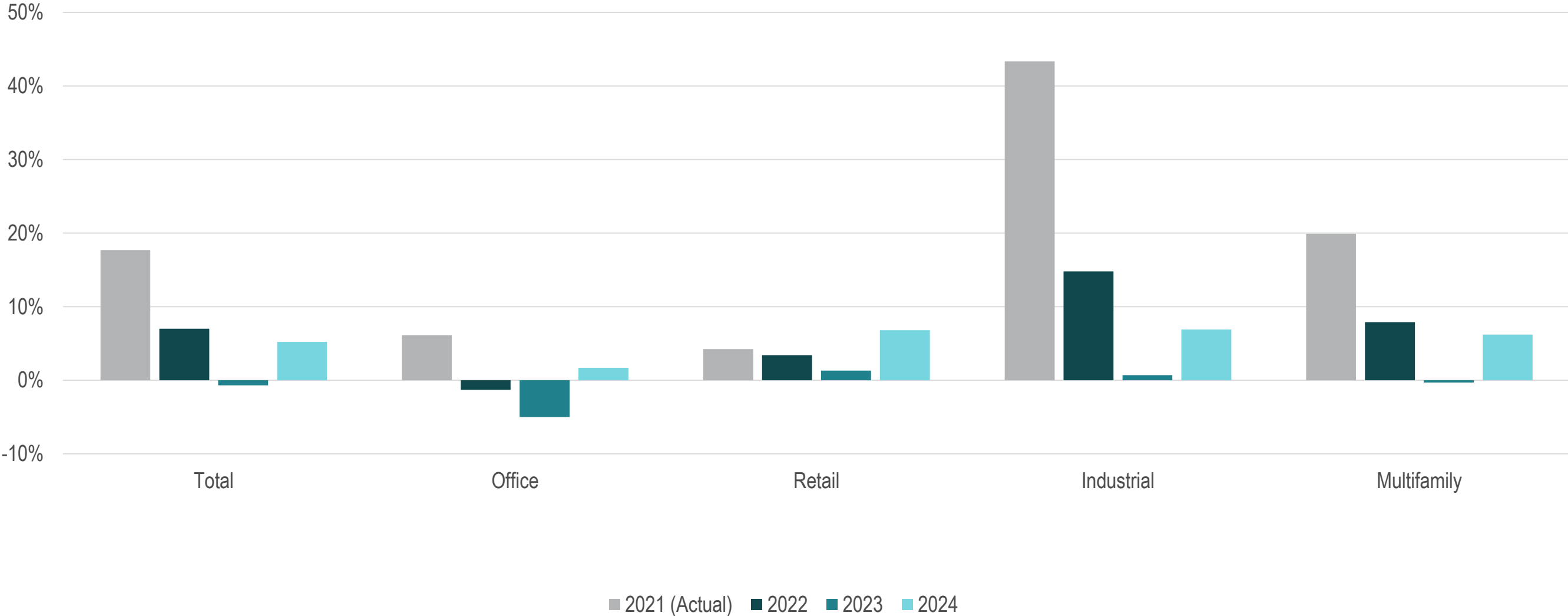


Weighted Average Target Allocation to Real Estate



RETURNS PROJECTED TO MODERATE NEXT YEAR THEN REBOUND

Forecast NPI Returns (PREA Consensus)



THANK YOU! – QUESTIONS?



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