

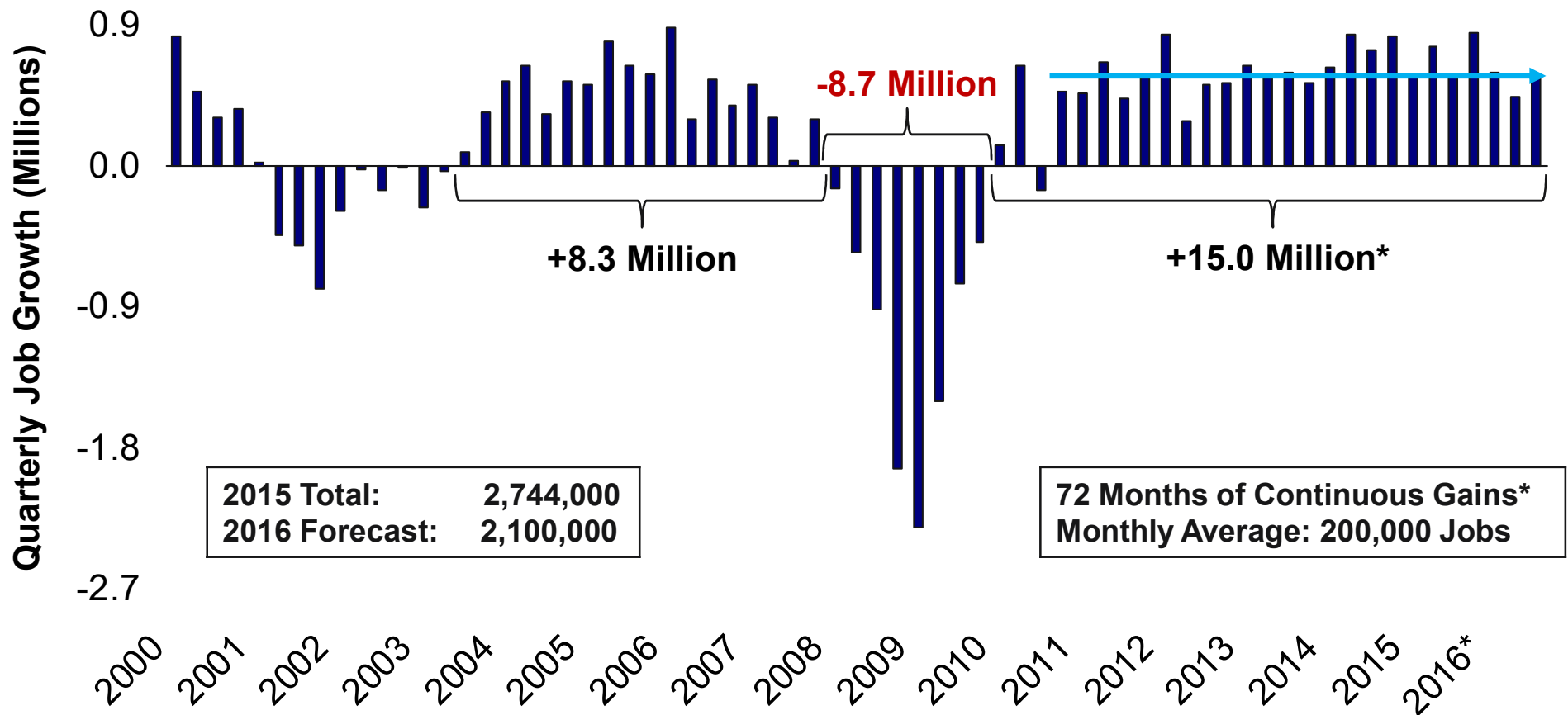


U.S. Economic and Commercial Real Estate Overview and Outlook

2016 – Macro Snap Shot

- **2-2.5 Million** Annual Job Creation
- **5.0%** Unemployment Rate
- **1.0%** Inflation Rate (PCE)
- **1.7%** 10-Yr. Treasury Yield
- **145 Million** Total U.S. Jobs
- **7 Million** More Jobs Than 2006
- **\$18 Trillion** U.S. GDP (Total Economic Output)
- **\$4 Trillion** Growth Since 2006 (Japan's Total)

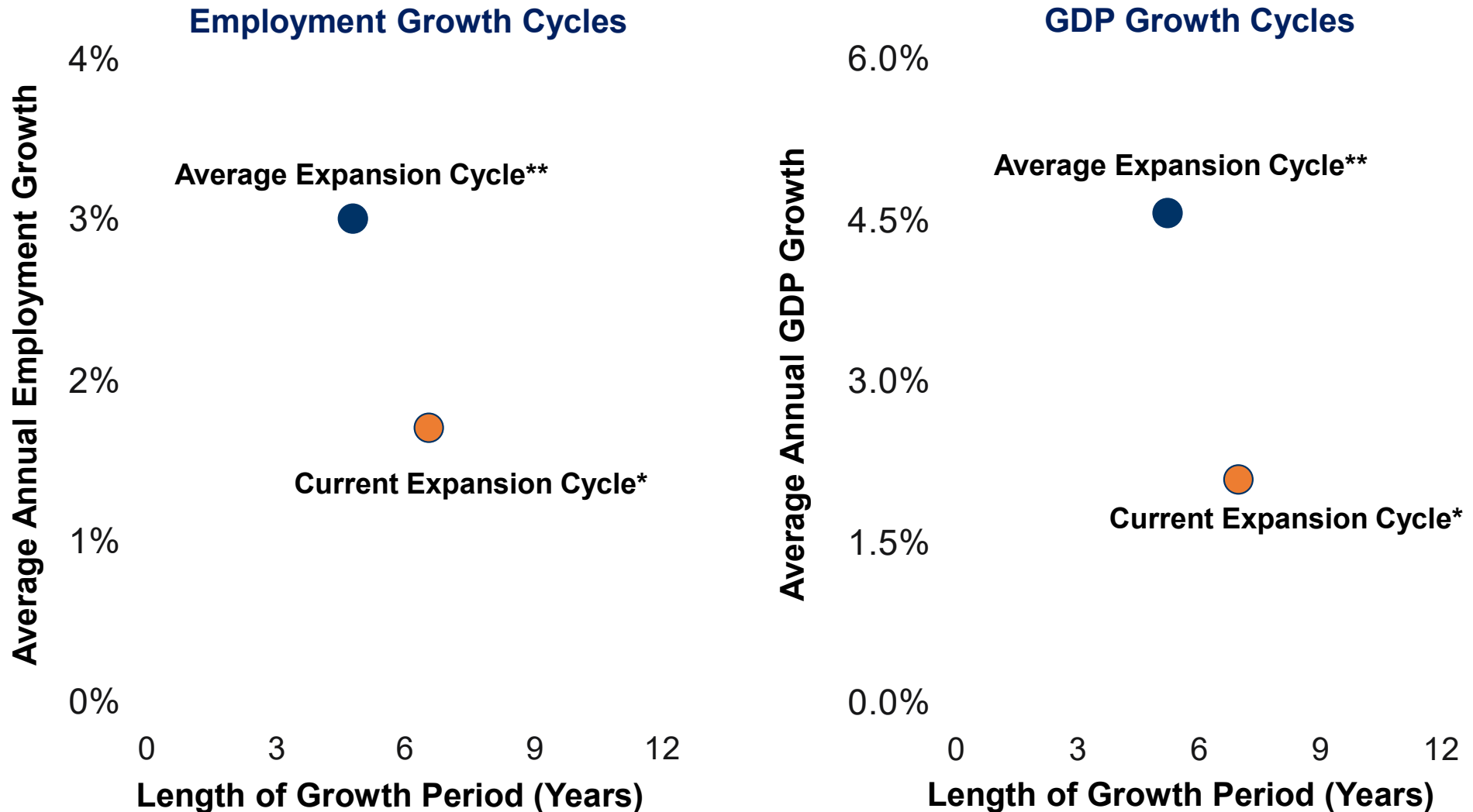
Employment Growth Durable and Remarkably Stable



* Through 3Q

Sources: Marcus & Millichap Research Services, BLS

Current Expansion Cycle Longer but Slower Than Average Since 1950



* Through September for employment; through 2Q for GDP

** Average expansion cycle since 1950

Sources: Marcus & Millichap Research Services, BLS, BEA

U.S. Employment Gains Have Been Broad Y-O-Y Sector Change Through September 2016

U.S. Employment Sectors	Absolute Change	% Change
Education and Health Services	608,000	2.7%
Prof. & Business Services	582,000	2.9%
Trade, Transport & Utilities	420,000	1.6%
Leisure & Hospitality	366,000	2.4%
Construction	218,000	3.4%
Financial Activities	166,000	2.0%
Government	145,000	0.7%
Other Services	90,000	1.6%
Information	8,000	0.3%
Total Gain	2,603,000	
Manufacturing	-47,000	-0.4%
Natural Resources & Mining	-109,000	-13.8%
Total Loss	-156,000	
Net Change	2,447,000	

Sources: Marcus & Millichap Research Services, BLS

National Employment Rank by Metro

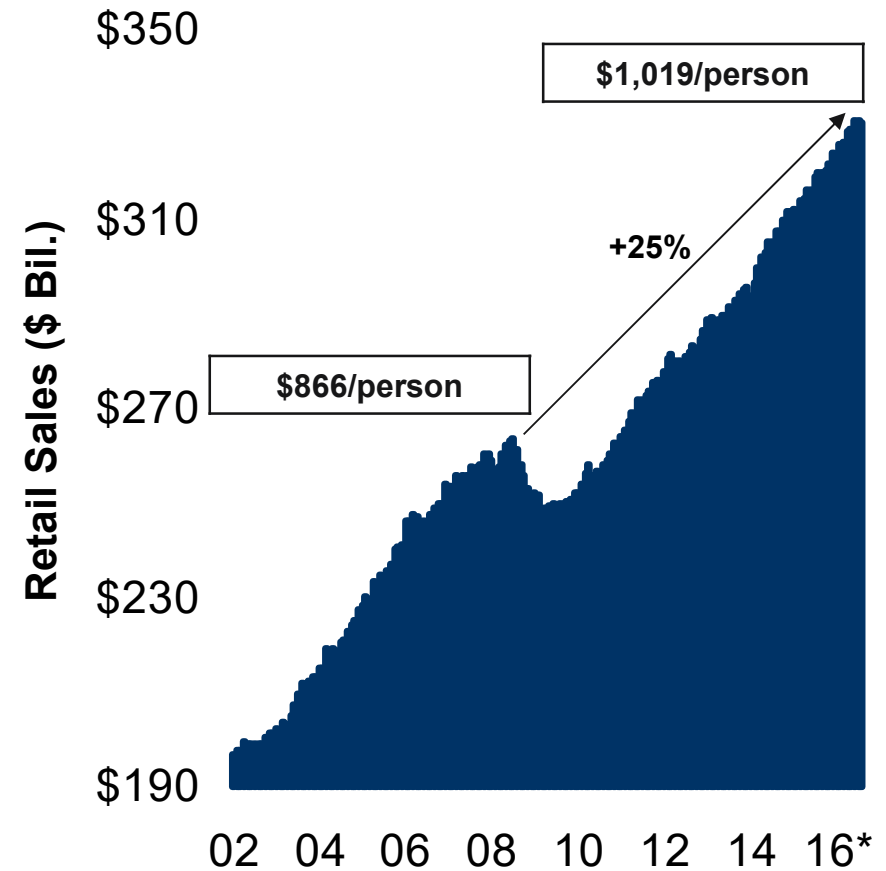
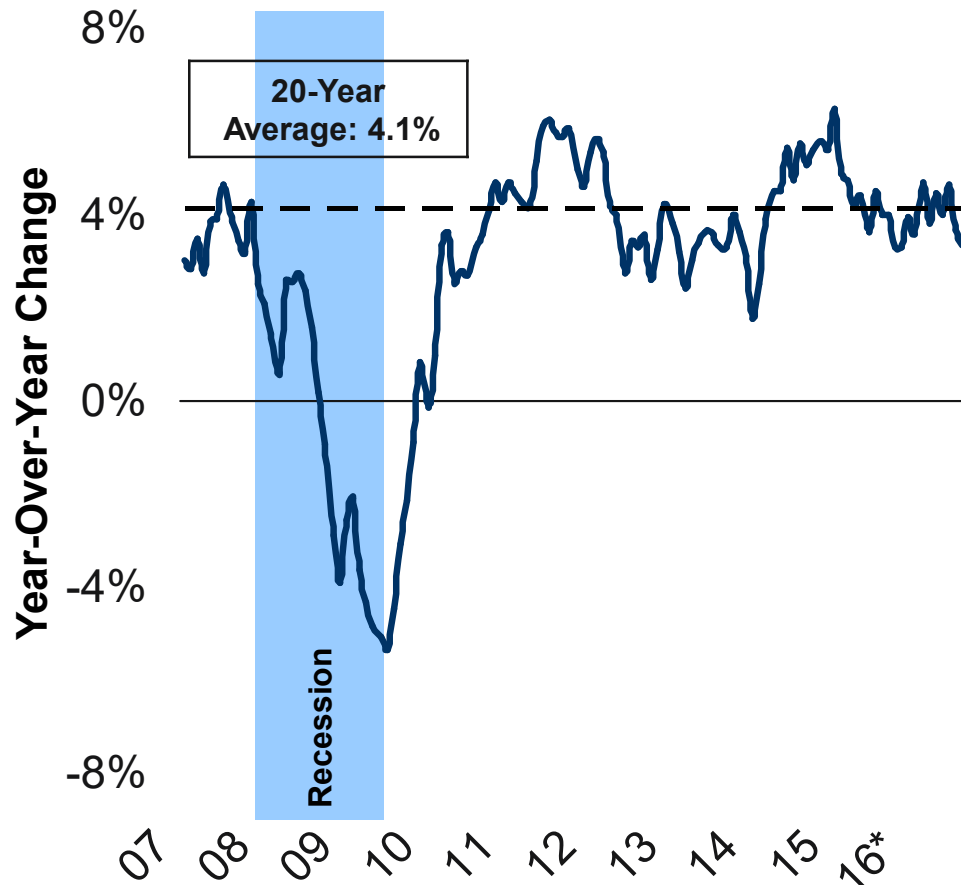
Y-O-Y Absolute Change Through August 2016

Top 10 Metros	Absolute Change	Percent Change	Bottom 10 Metros	Absolute Change	Percent Change
Dallas-Ft. Worth	120,800	3.5%	Milwaukee	1,400	0.2%
New York	83,900	2.0%	West Palm Beach	10,600	1.8%
Washington, D.C.	81,400	2.6%	Houston	12,100	0.4%
Los Angeles	76,100	1.8%	Miami	12,100	1.1%
Atlanta	72,000	2.8%	Kansas City	13,100	1.3%
Seattle-Tacoma	65,800	3.5%	Cleveland	15,500	1.5%
Chicago	63,700	1.4%	Indianapolis	16,500	1.6%
Philadelphia	54,100	1.9%	San Antonio	17,300	1.8%
Orlando	53,900	4.6%	Cincinnati	17,500	1.6%
Boston	47,000	1.8%	Columbus	17,600	1.7%
U.S. Total	2,440,000	1.7%	U.S. Total	2,440,000	1.7%

Richmond: (24,200, 3.7%); Raleigh-Durham: (23,100, 2.6%); Charlotte: (28,500, 2.6%)

Sources: Marcus & Millichap Research Services, BLS

U.S. Core Retail Sales Building Steady Momentum - Growth Supporting Economy

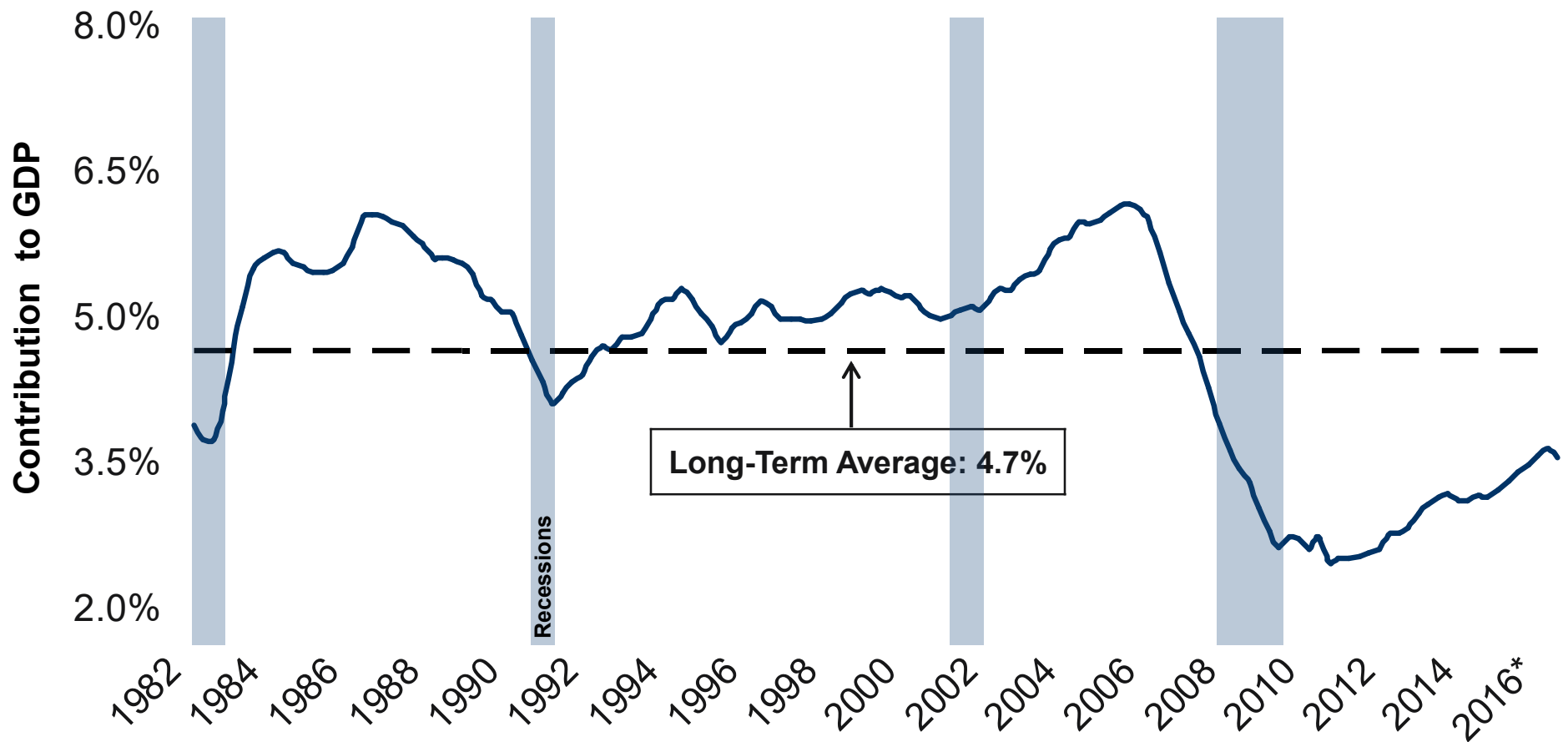


* Through August

Core retail sales excludes auto and gasoline sales

Sources: Marcus & Millichap Research Services, U.S. Census Bureau

Housing Contribution to GDP

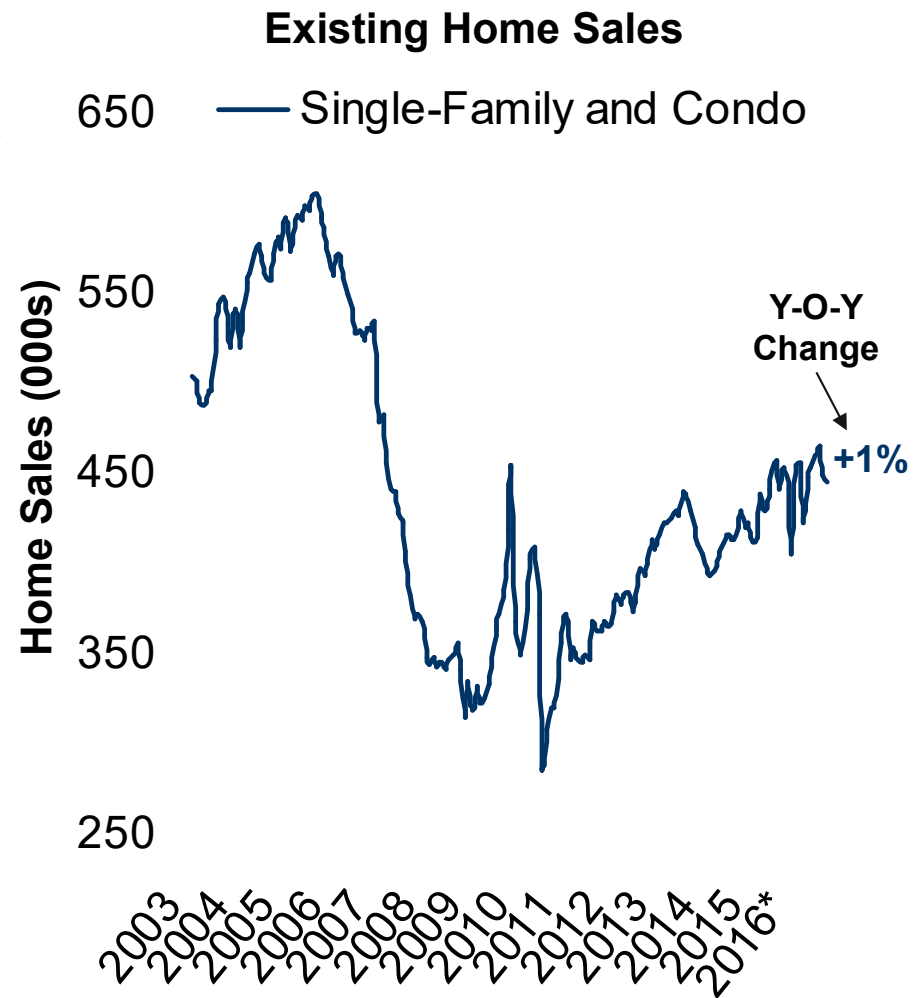
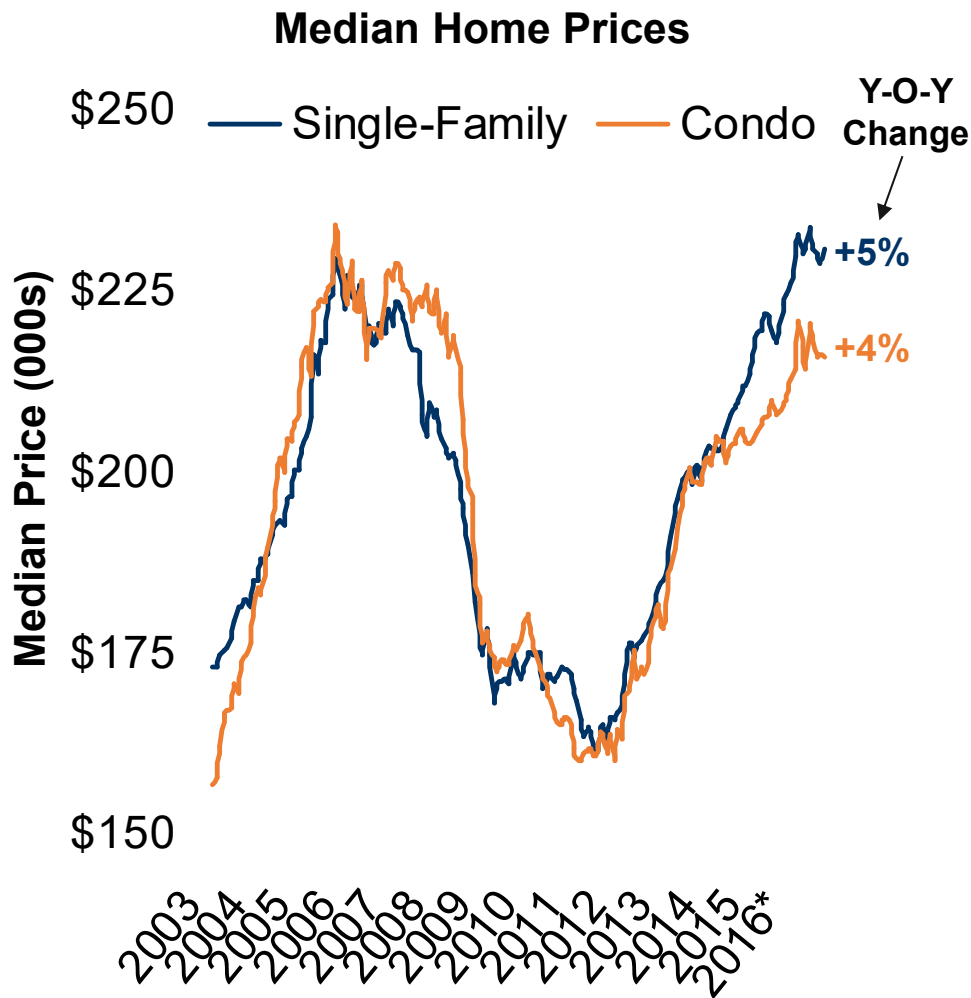


* Through 2Q

Recession periods: (3Q1981-4Q1982), (3Q1990-1Q1991), (1Q2001-4Q2001), (4Q2007-2Q2009)

Sources: Marcus & Millichap Research Services, BEA

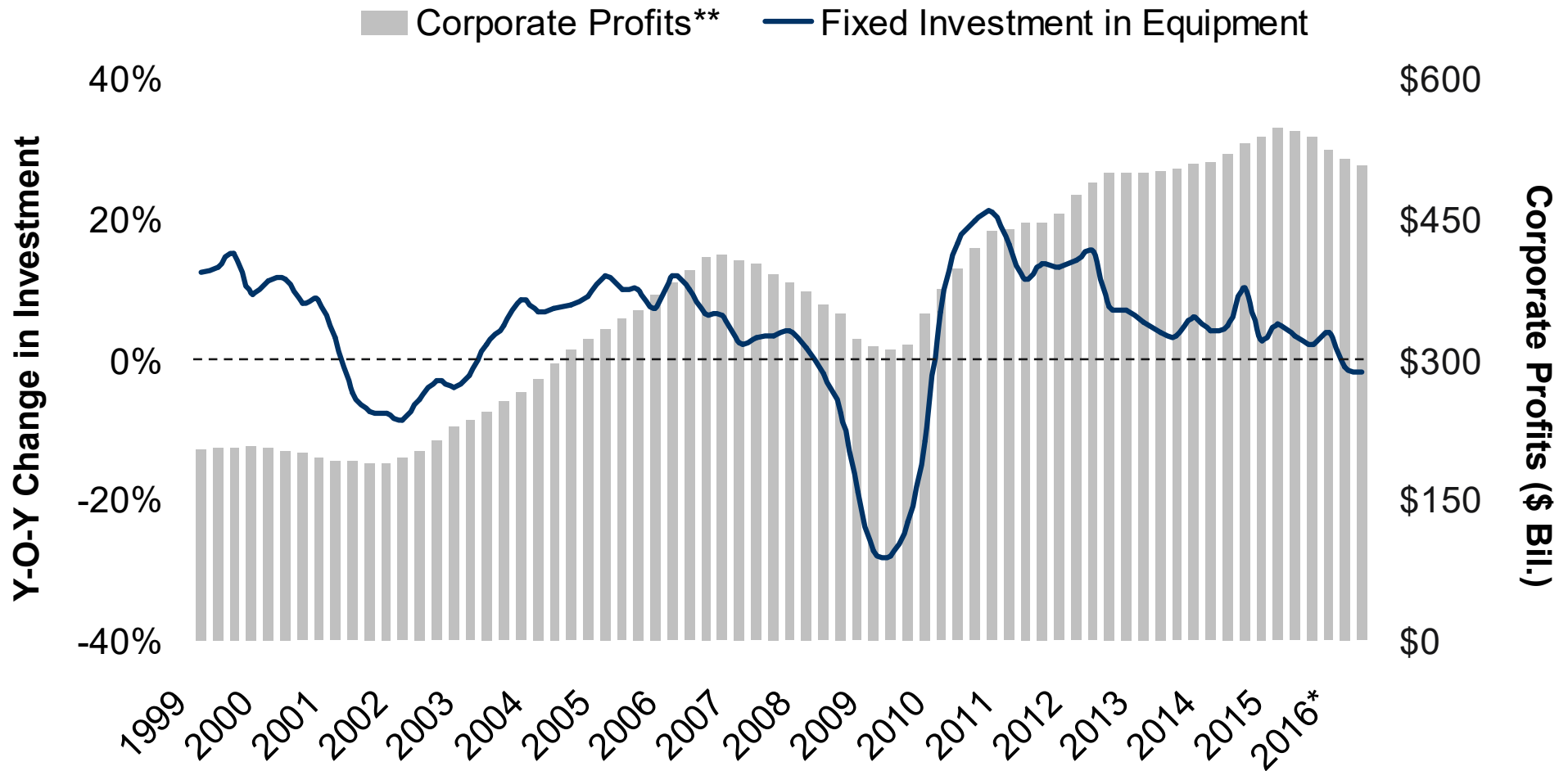
Single-Family Prices Exceed Prior Peak Despite Sales Slowdown



* Through August

Sources: Marcus & Millichap Research Services, National Association of Realtors

Corporate Profits Healthy But Restrained by Strong Dollar and Low Oil Prices

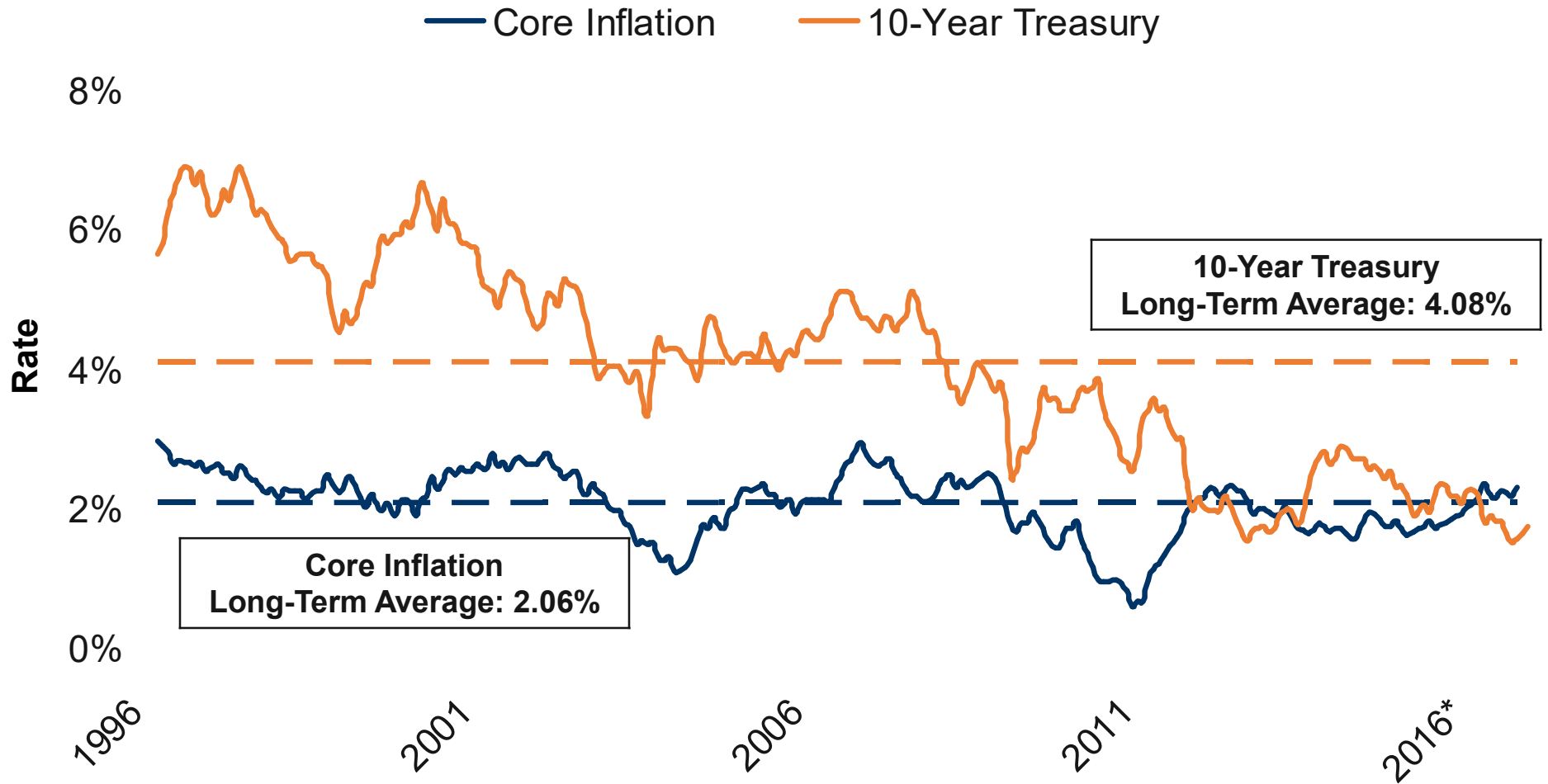


* Through 2Q

** Trailing 12-month average

Sources: Marcus & Millichap Research Services, BEA

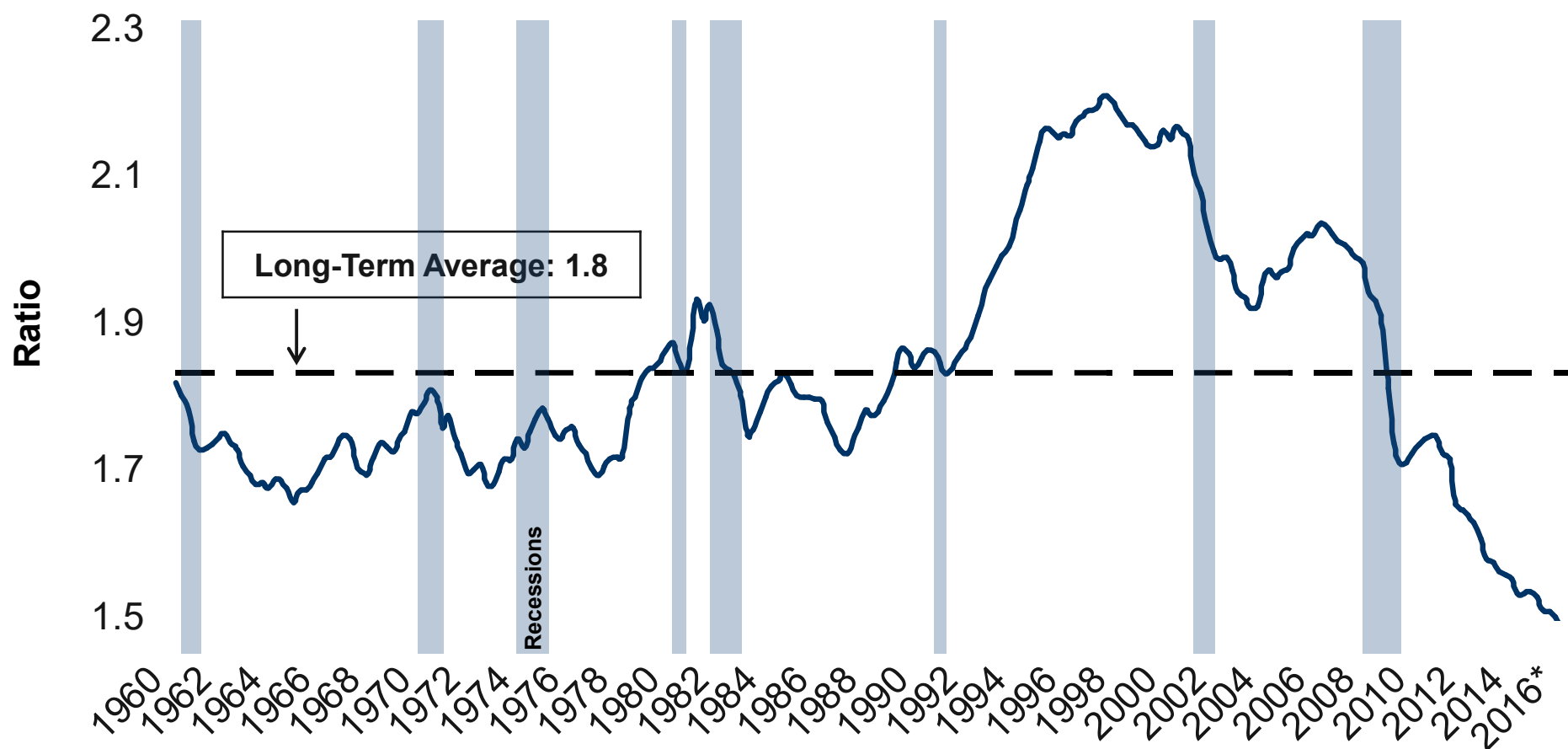
Inflation Risk Still Limited 10-Year Treasury Falls to Historic Low



* 10-Year treasury through October 6, 2016; Core inflation through August 2016

Sources: Marcus & Millichap Research Services, Federal Reserve, BLS

Velocity of Money at Historic Lows

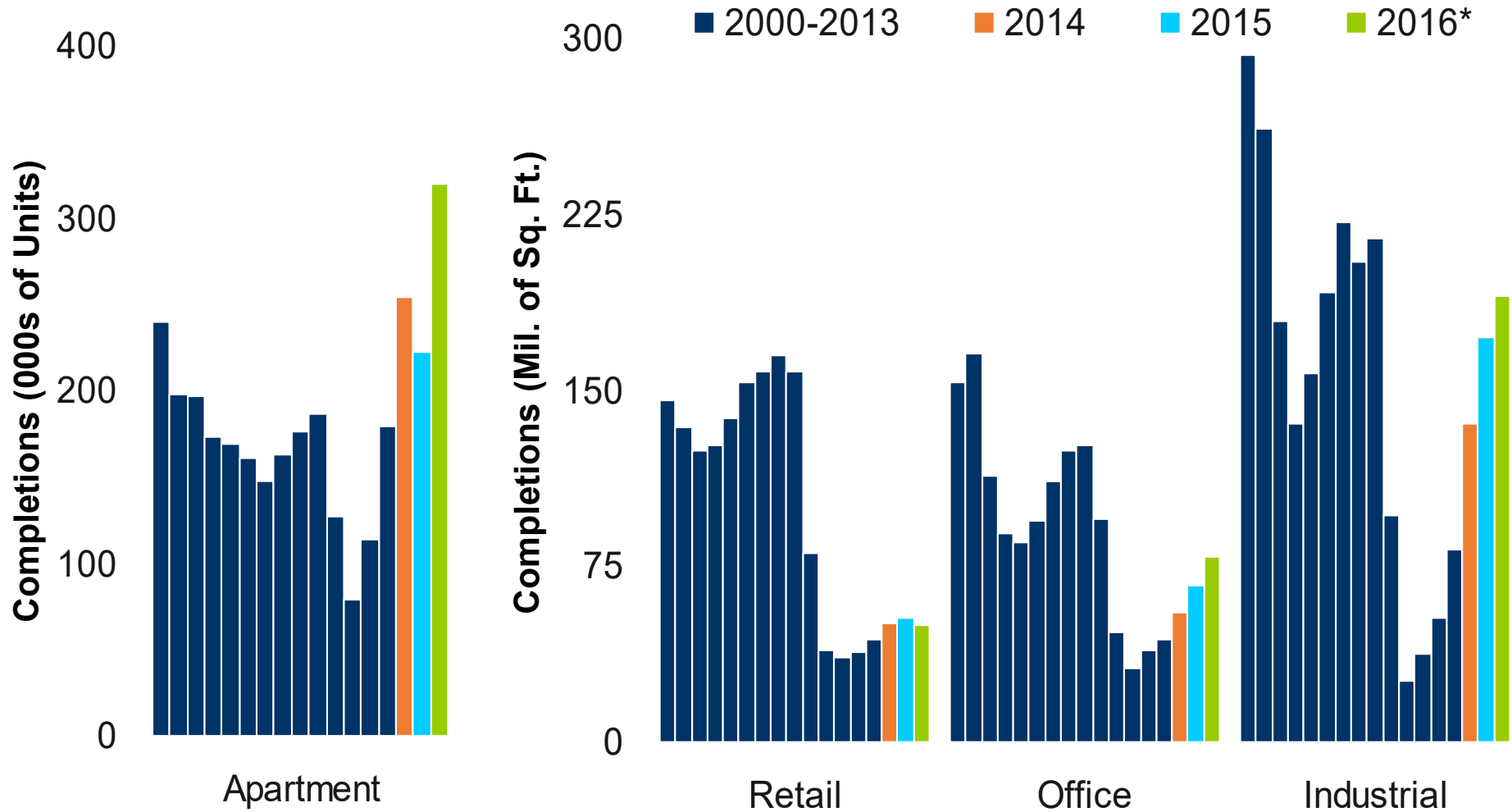


* Through 2Q

Recession periods: (2Q 1960-1Q 1961), (4Q 1969-4Q 1970), (4Q 1973-1Q 1975), (1Q 1980-3Q 1980), (3Q 1981-4Q 1982), (3Q 1990-1Q 1991), (1Q 2001-4Q 2001), (4Q 2007-2Q 2009)

Sources: Marcus & Millichap Research Services, Federal Reserve Bank of St. Louis

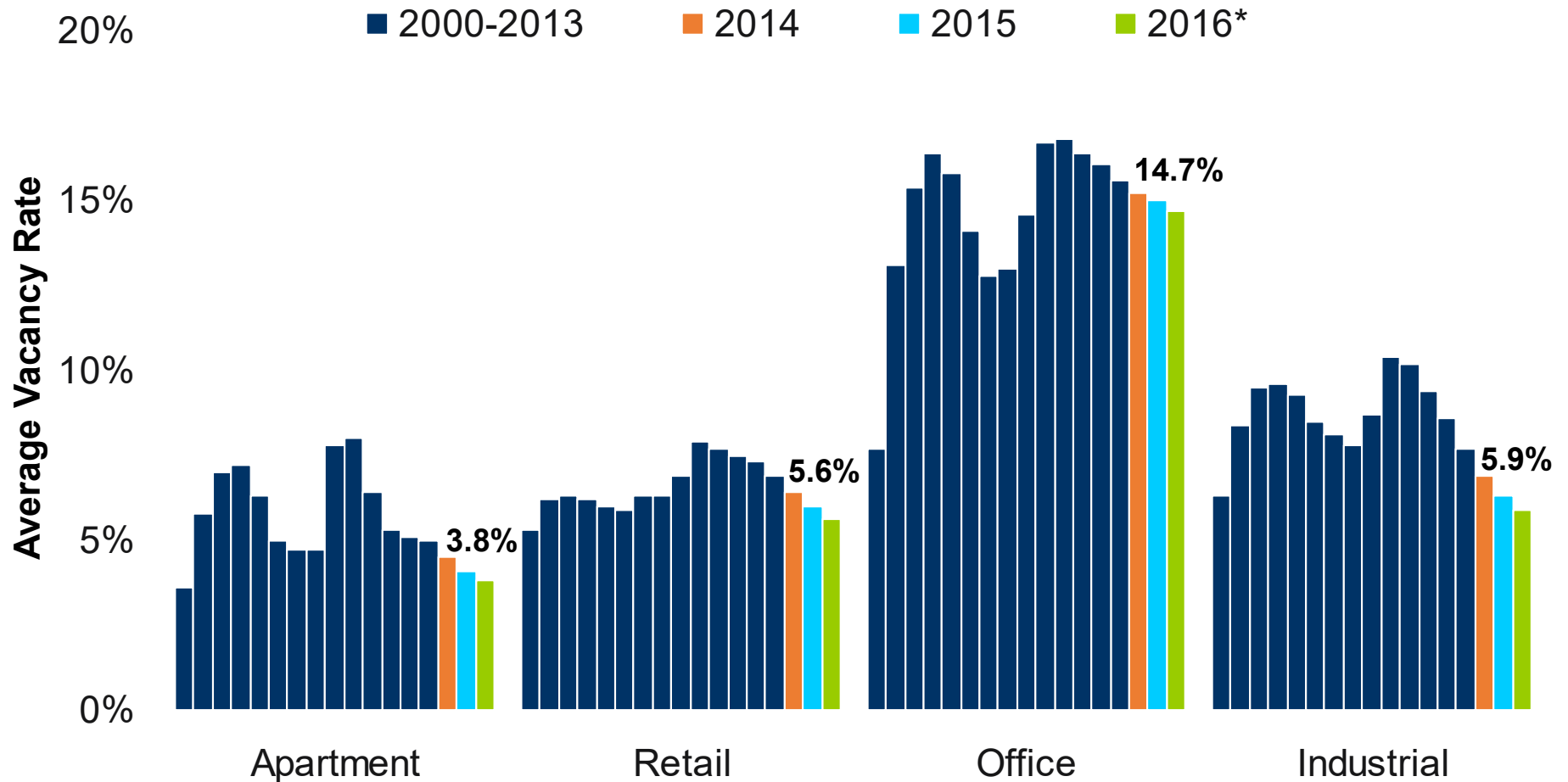
U.S. Construction Trends



* Forecast

Sources: Marcus & Millichap Research Services, MPF Research, CoStar Group, Inc.

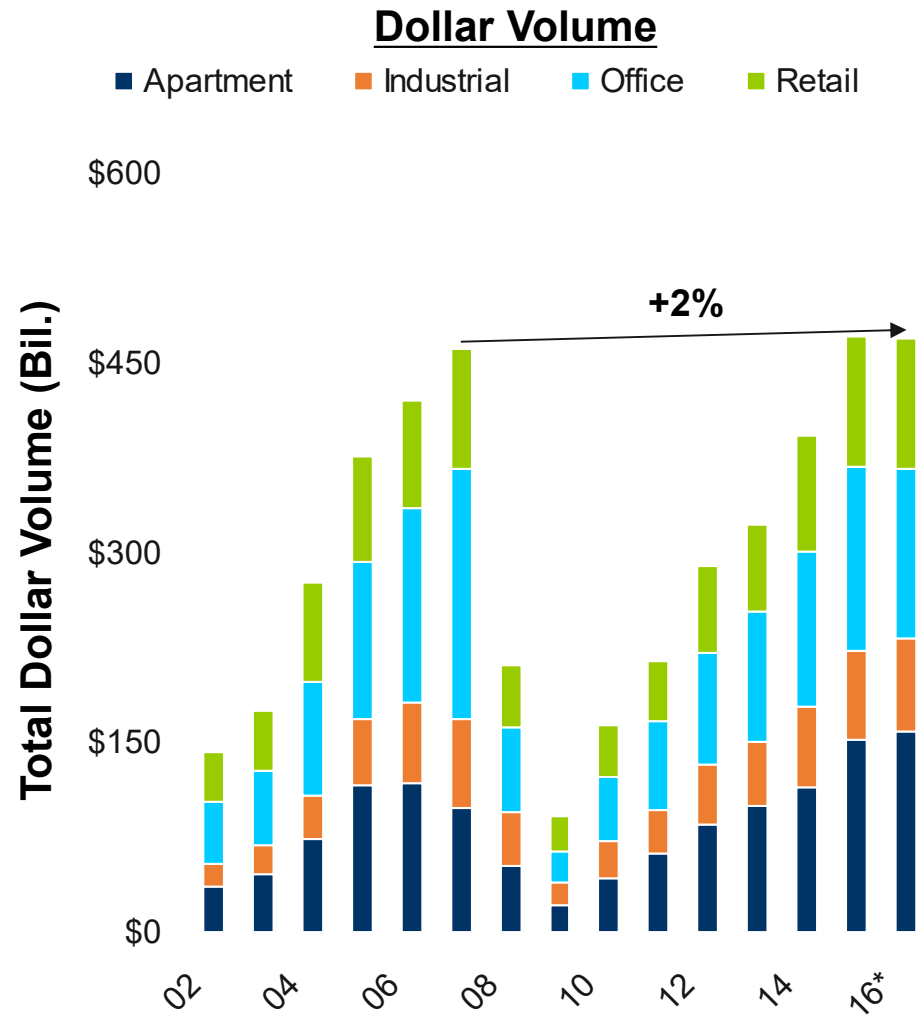
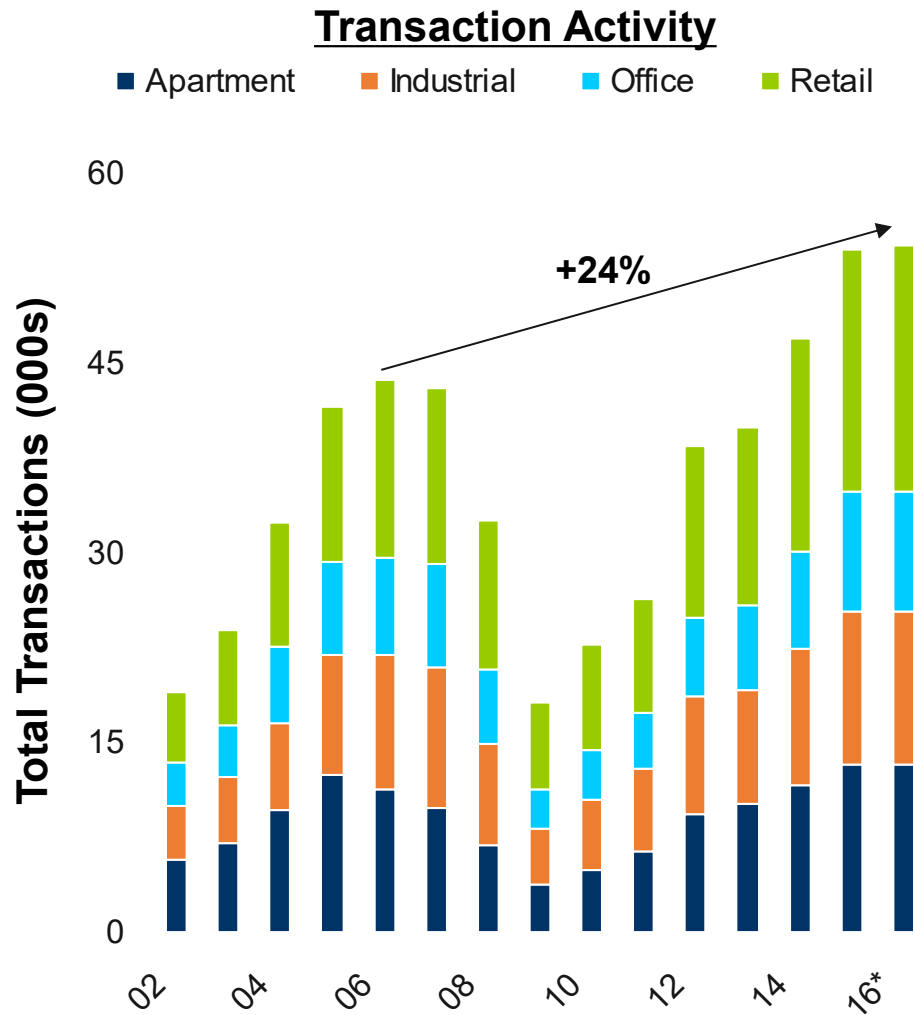
U.S. Vacancy Rate Trends



* Forecast

Sources: Marcus & Millichap Research Services, MPF Research, CoStar Group, Inc.

U.S. Commercial Real Estate Investment Trends by Property Type \$1M+

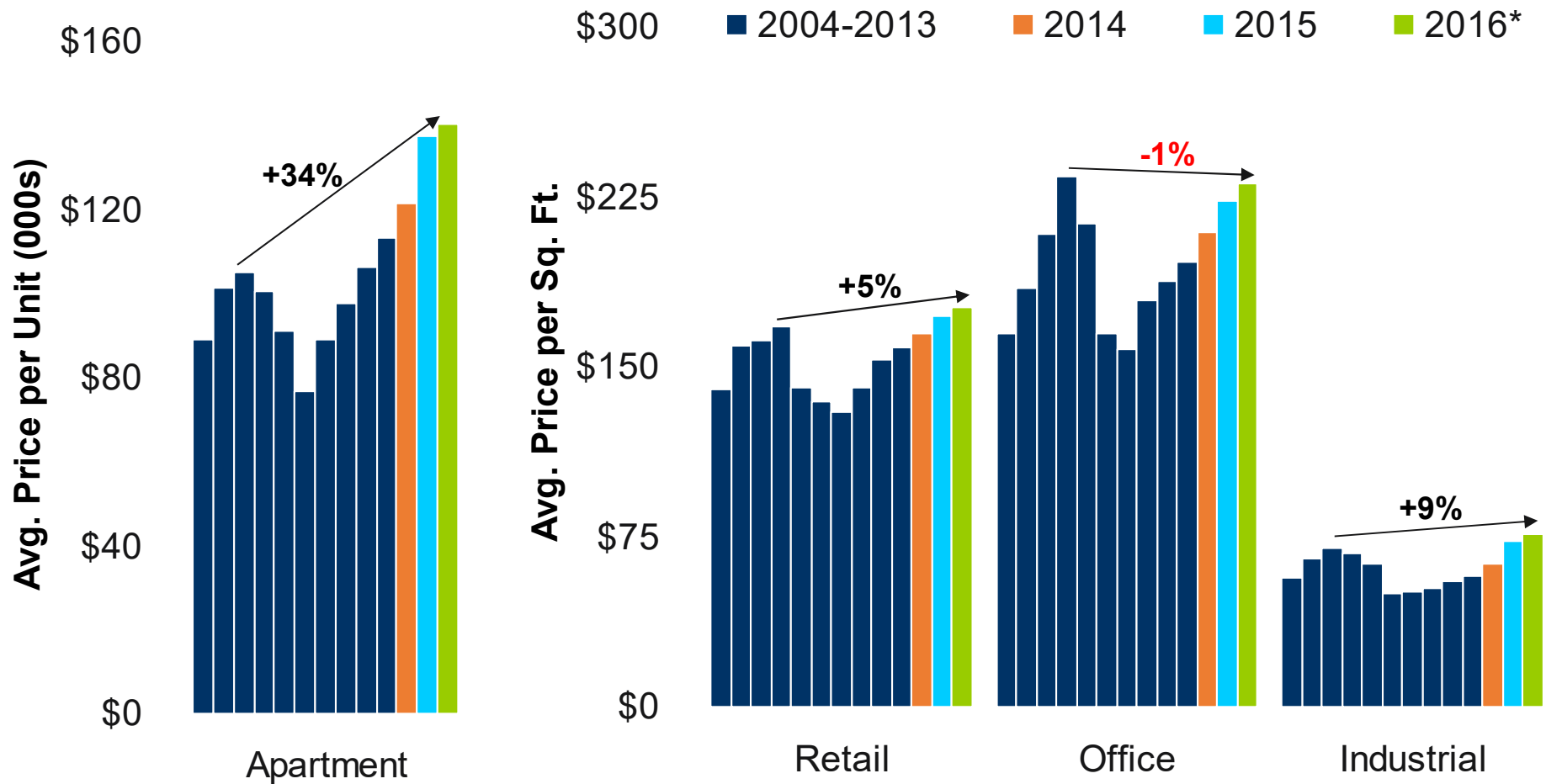


* Trailing 12-months through 2Q

Includes sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

U.S. Average Price Trends

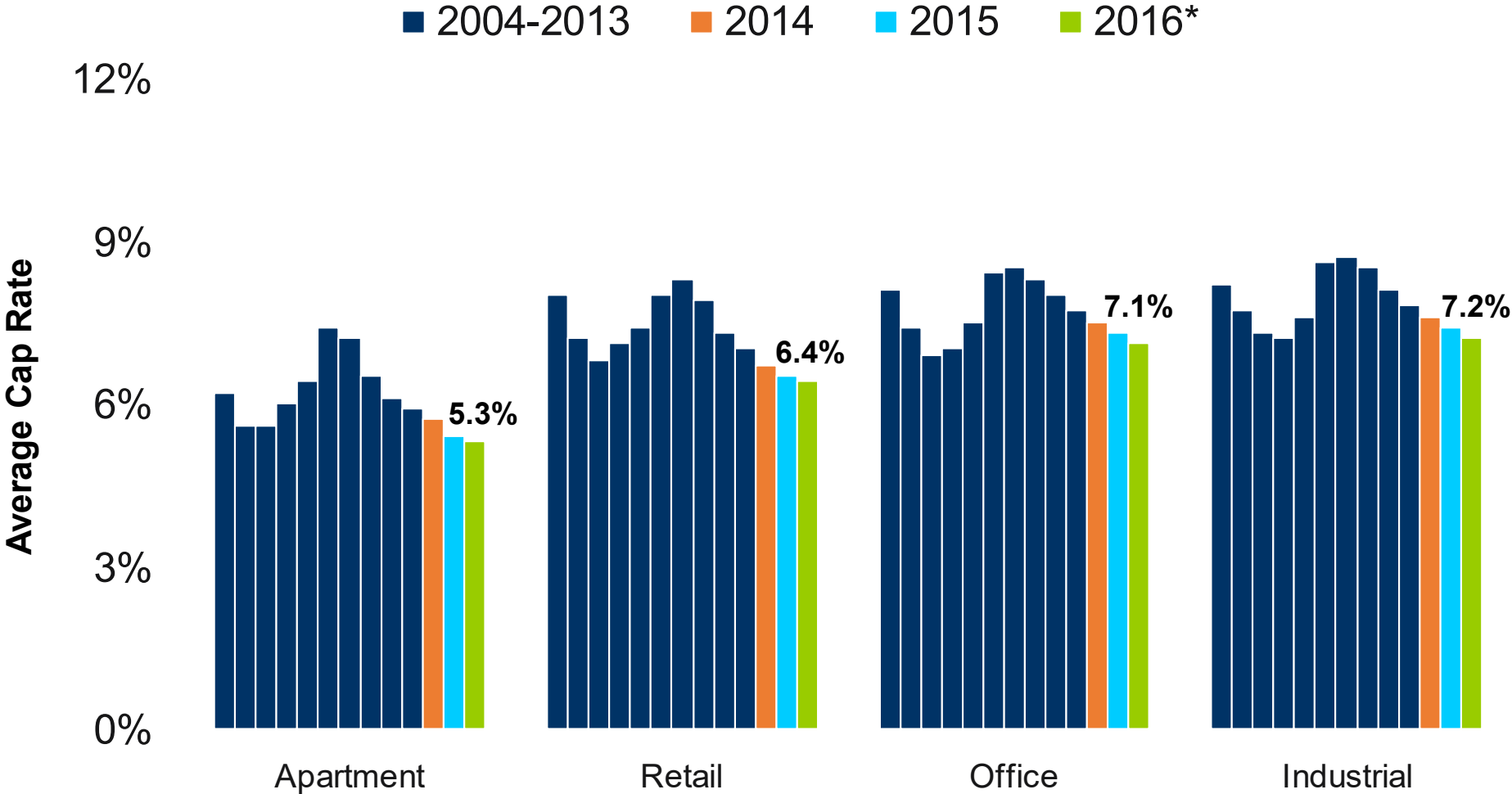


* Through 2Q

Includes sales \$1 million and greater

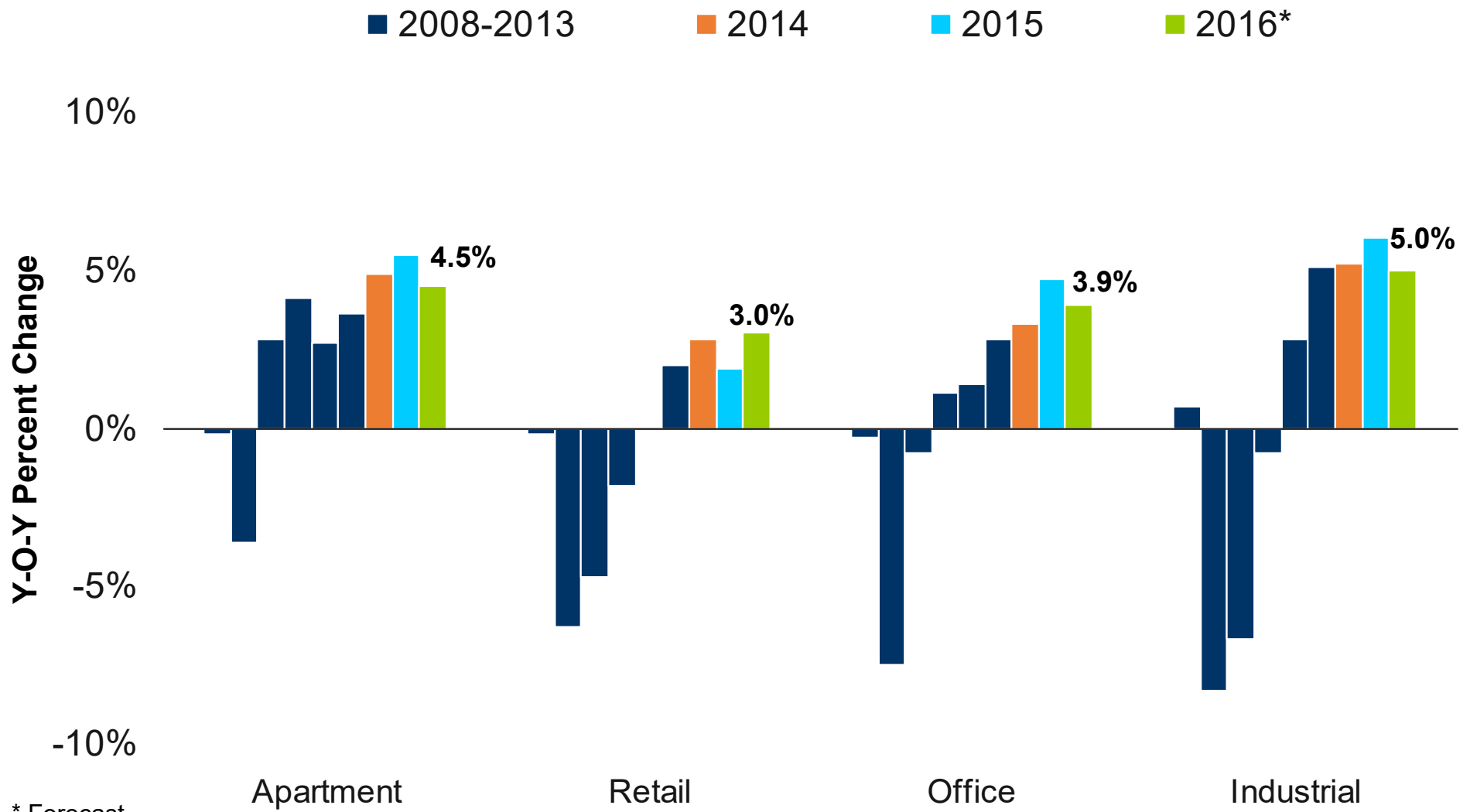
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

U.S. Cap Rate Trends



* Through 2Q
 Includes sales \$1 million and greater
 Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

U.S. Rent Growth Trends

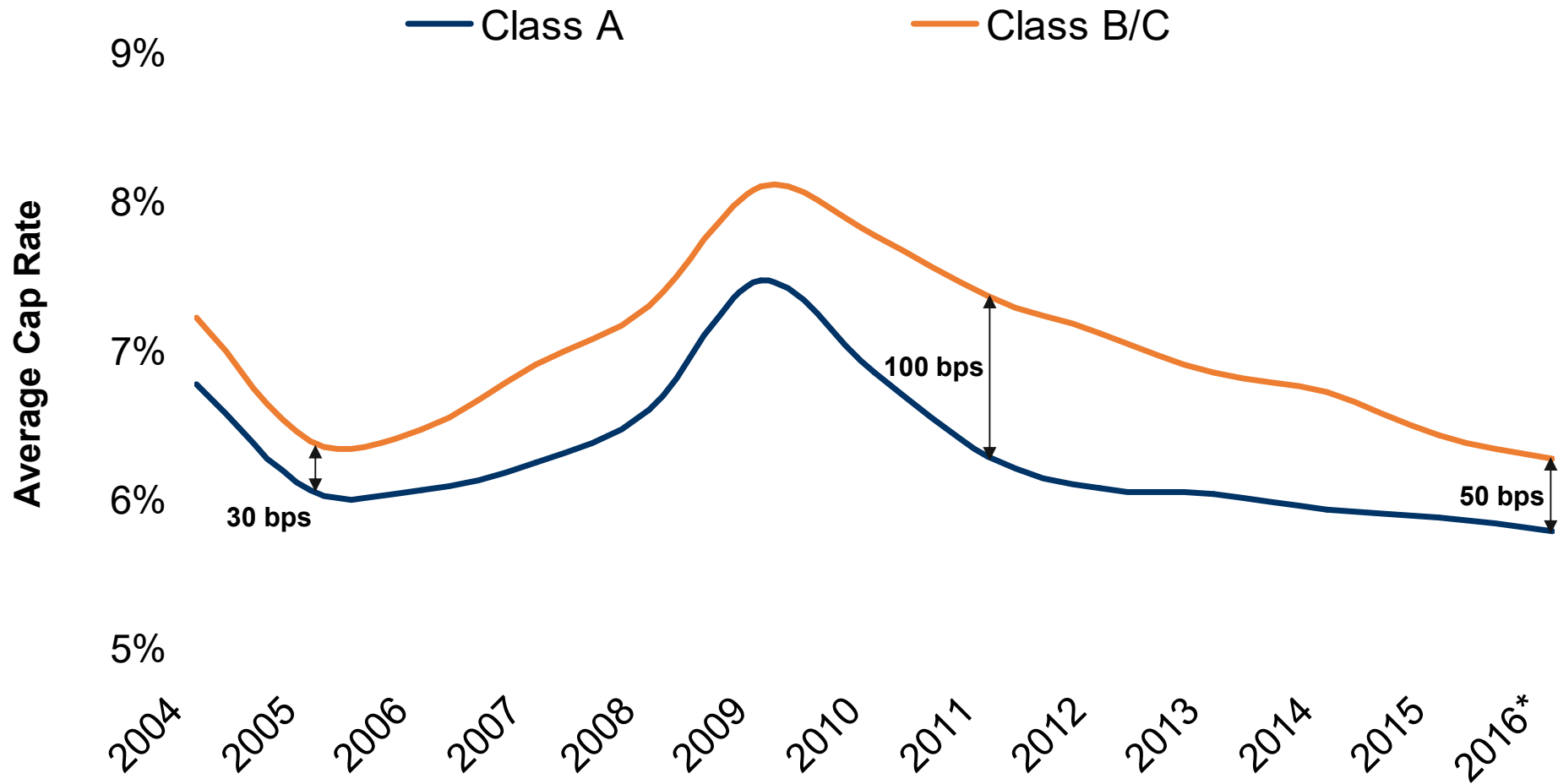


* Forecast

Effective rent growth for apartment; asking rent growth for retail, office, and industrial

Sources: Marcus & Millichap Research Services, MPF Research, CoStar Group, Inc.

Apartment/Office Composite Cap Rate Trends by Class

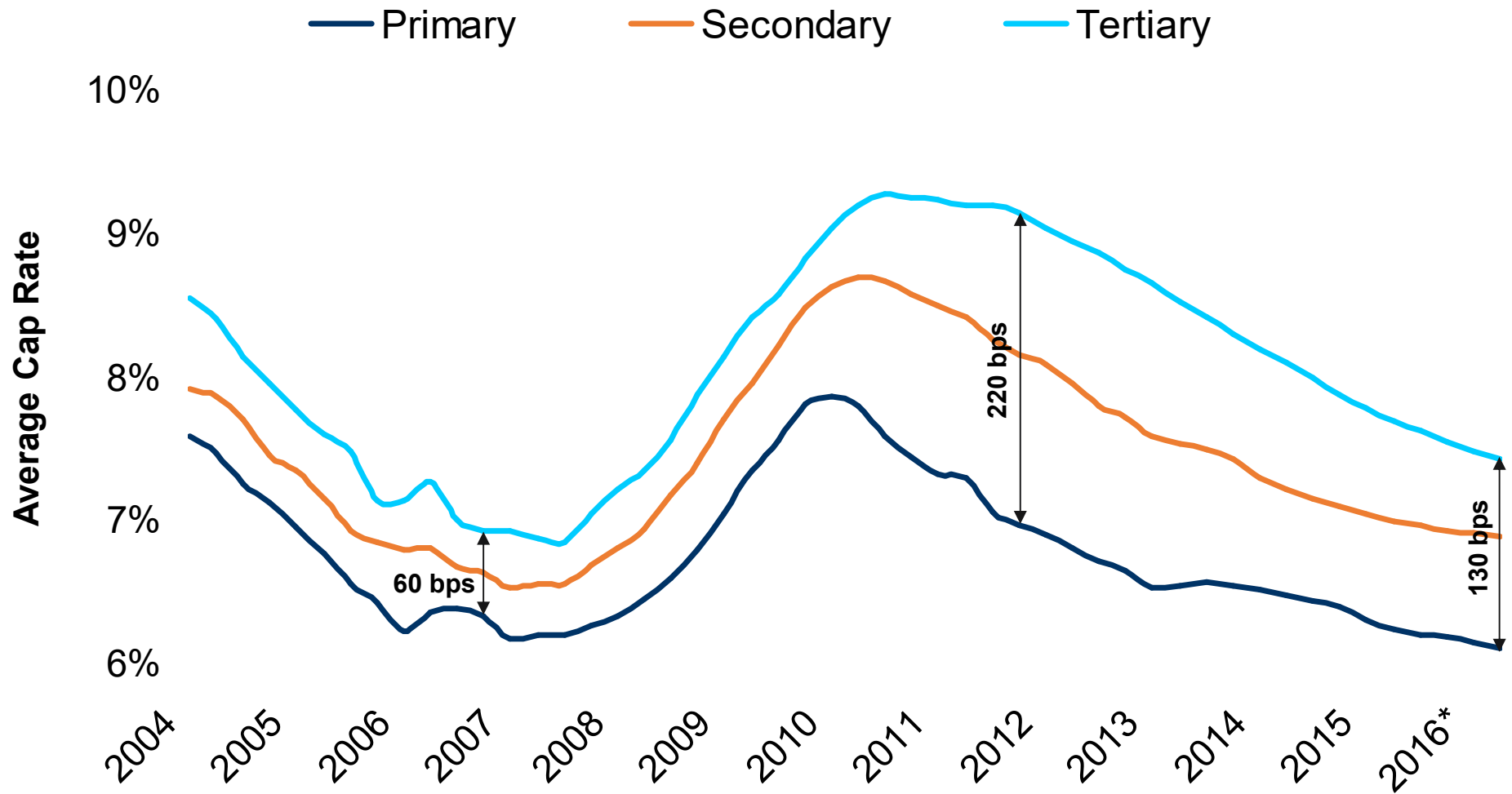


* Through 2Q

Includes apartment and office sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Commercial Real Estate Cap Rate Trends by Market Type



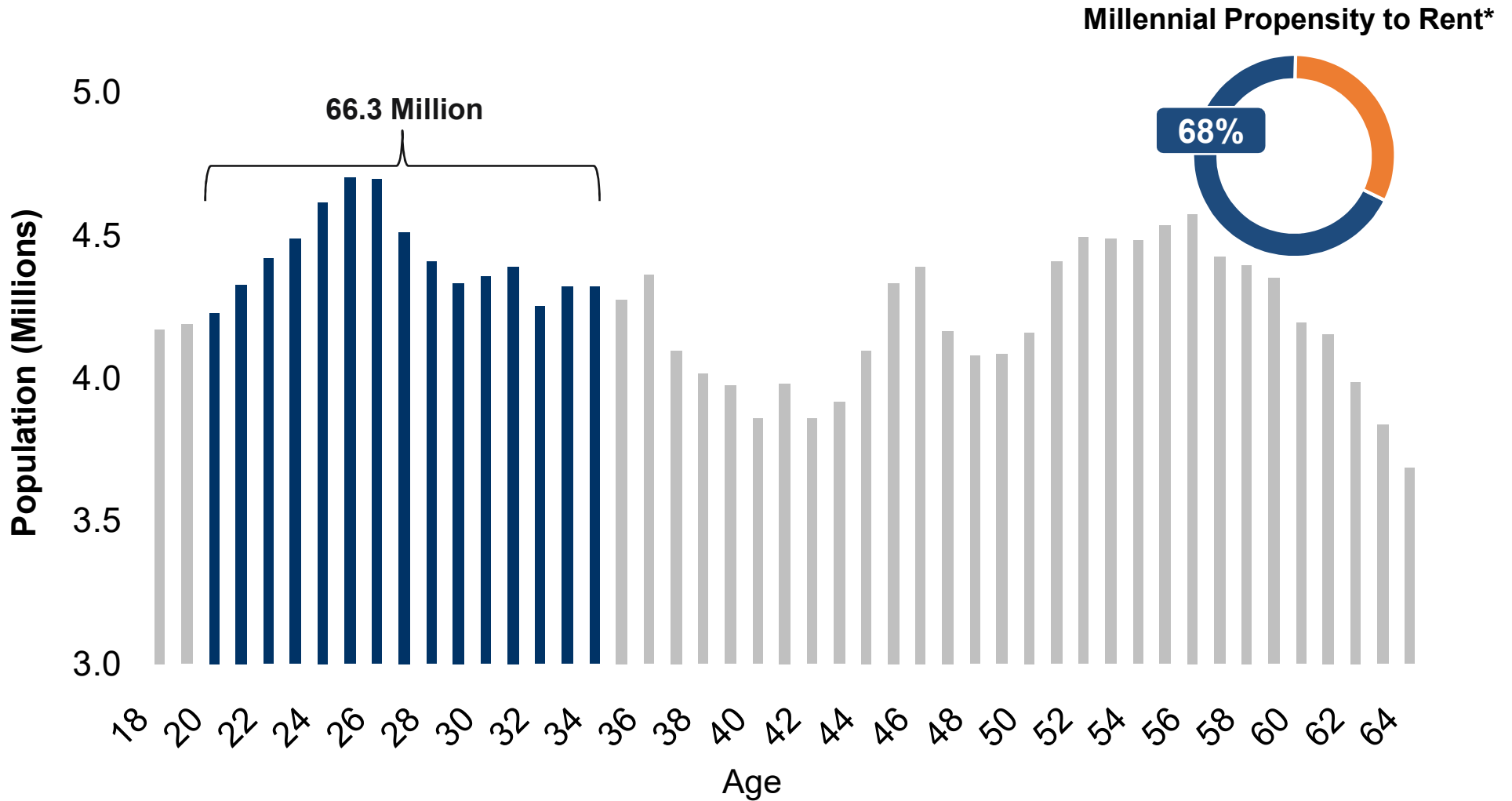
* Through 2Q

Includes apartment, retail, office, and industrial sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Millennials Cornerstone of Economic Outlook

U.S. 2016 Population by Age

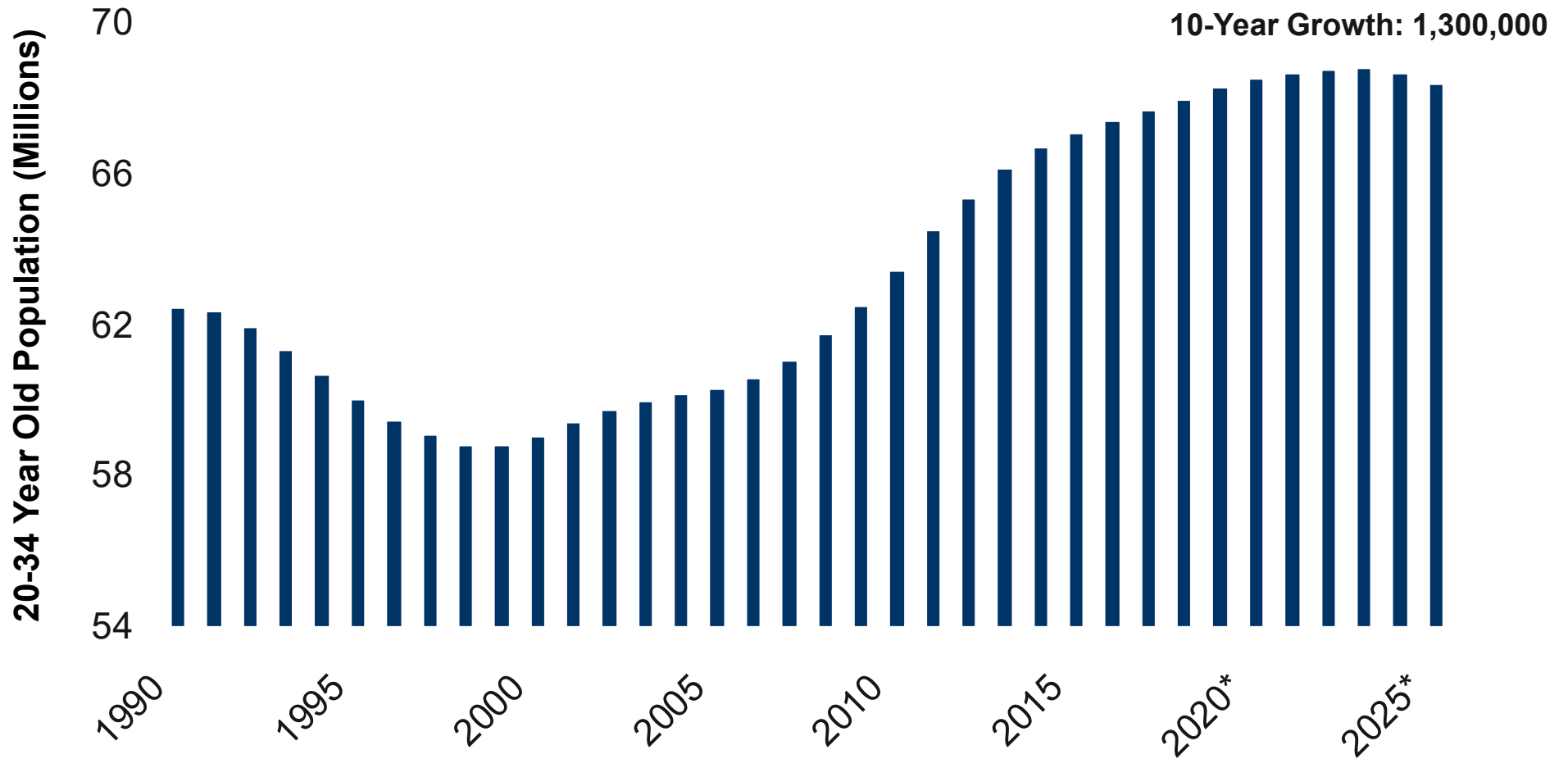


* As of 2015

Note: Total Baby Boomer Population 75 million. Total Millennial Population 80 million

Sources: Marcus & Millichap Research Services, U.S. Census Bureau

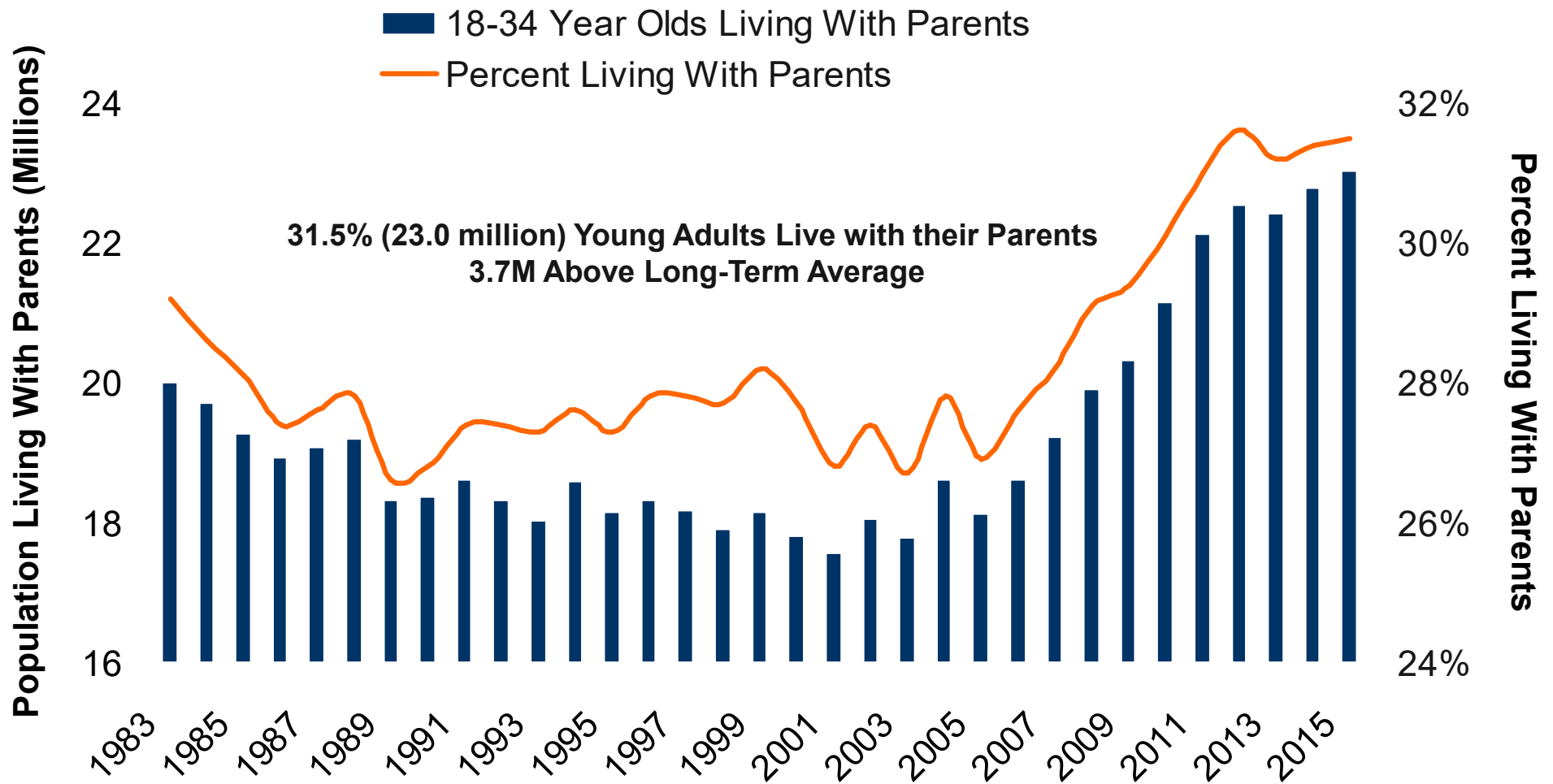
U.S. Population 20-34 Years Old



* Forecast

Sources: Marcus & Millichap Research Services, U.S. Census Bureau

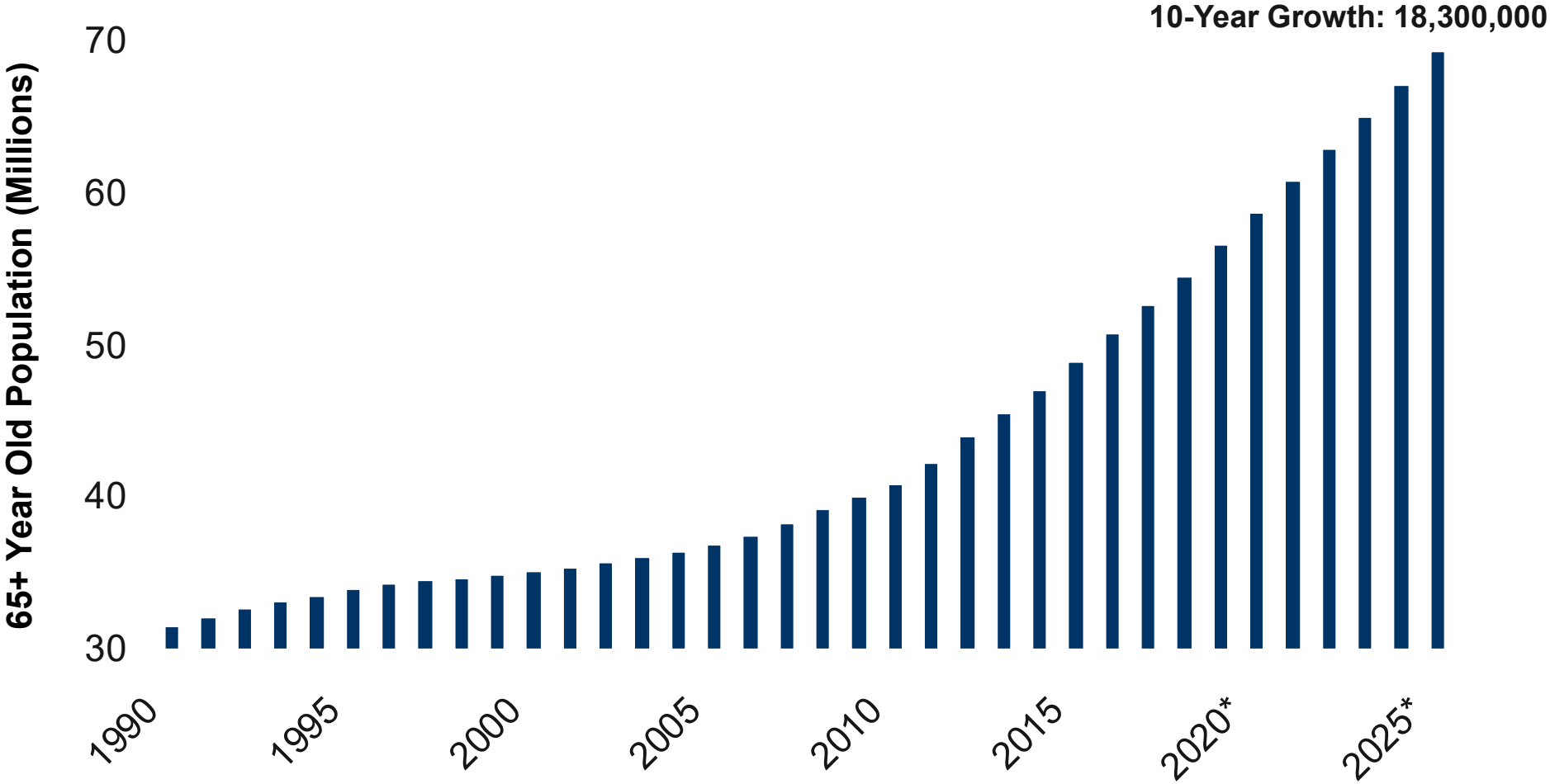
18-34 Year Old Population Living at Home



Note: Unmarried college students living in dormitories are counted as living in their parents' home

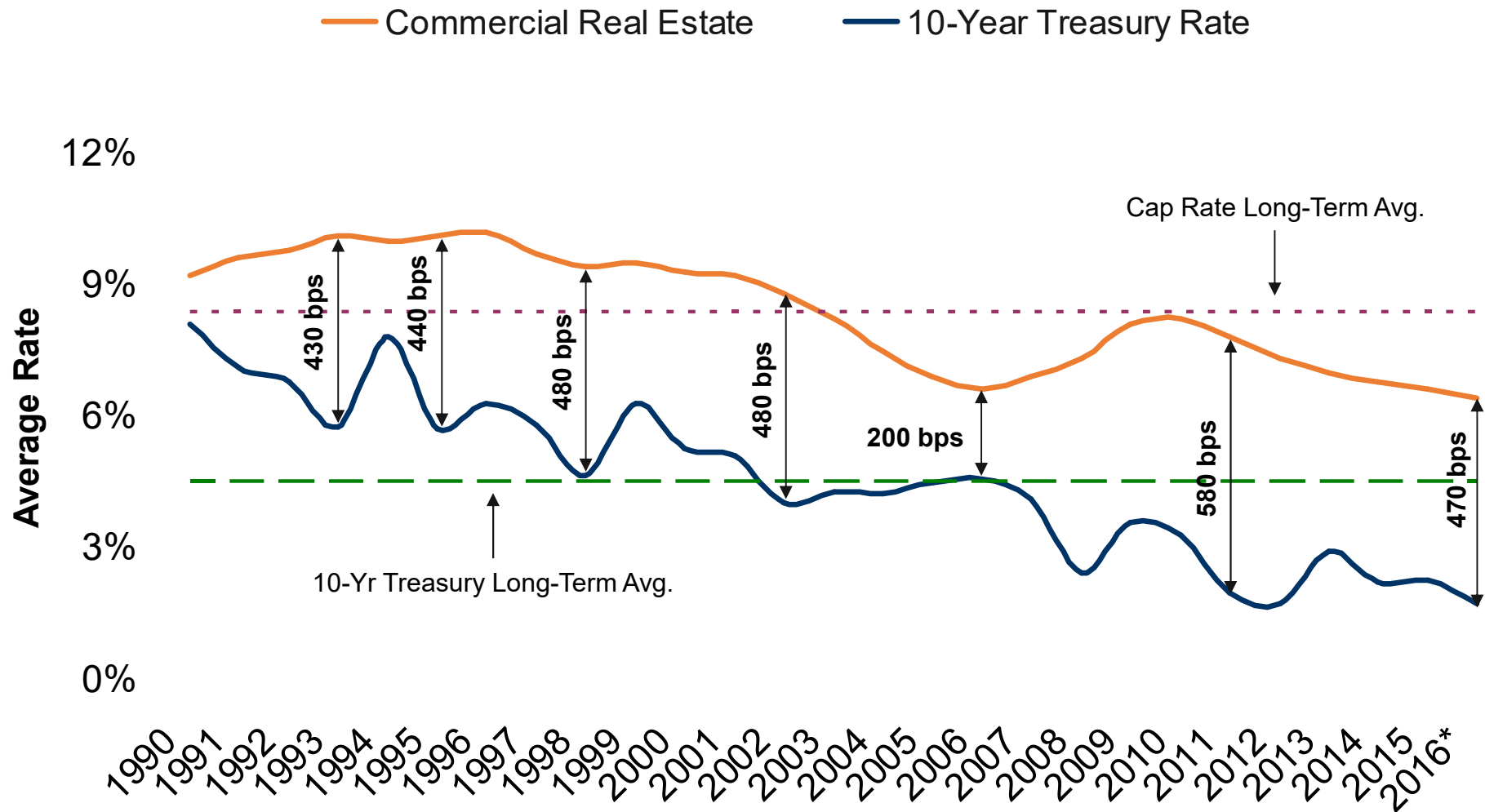
Sources: Marcus & Millichap Research Services, U.S. Census Bureau

U.S. Population 65+ Years Old



* Forecast
Sources: Marcus & Millichap Research Services, U.S. Census Bureau

Commercial Real Estate Avg. Yield vs. 10-Yr. Treasury – Spread Indicates “Buy” Window

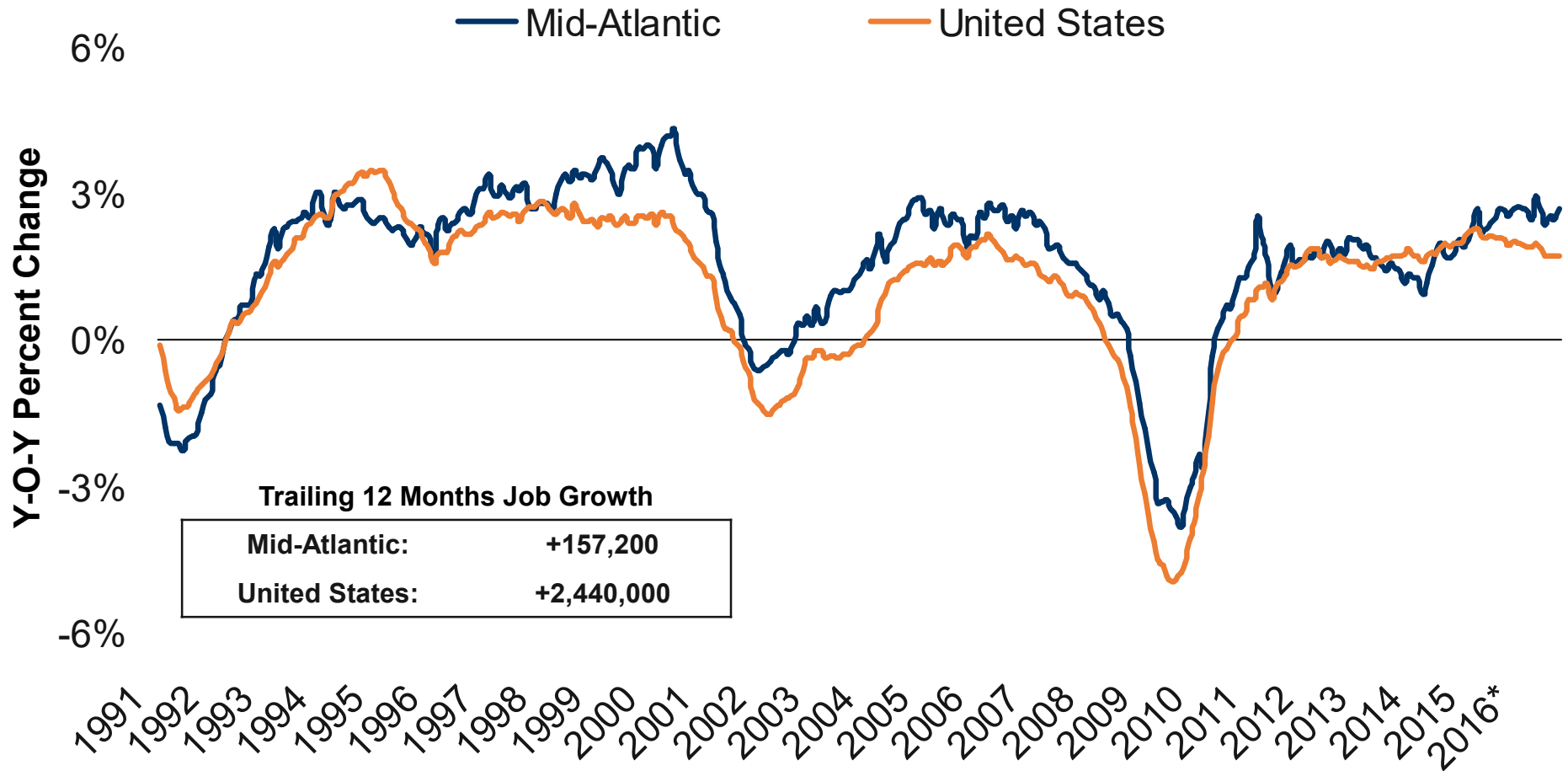


* Through October 6

Includes all apartment, office, retail and industrial sales \$1 million and greater

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., Real Capital Analytics

Mid-Atlantic Employment Growth vs. U.S. Employment Growth

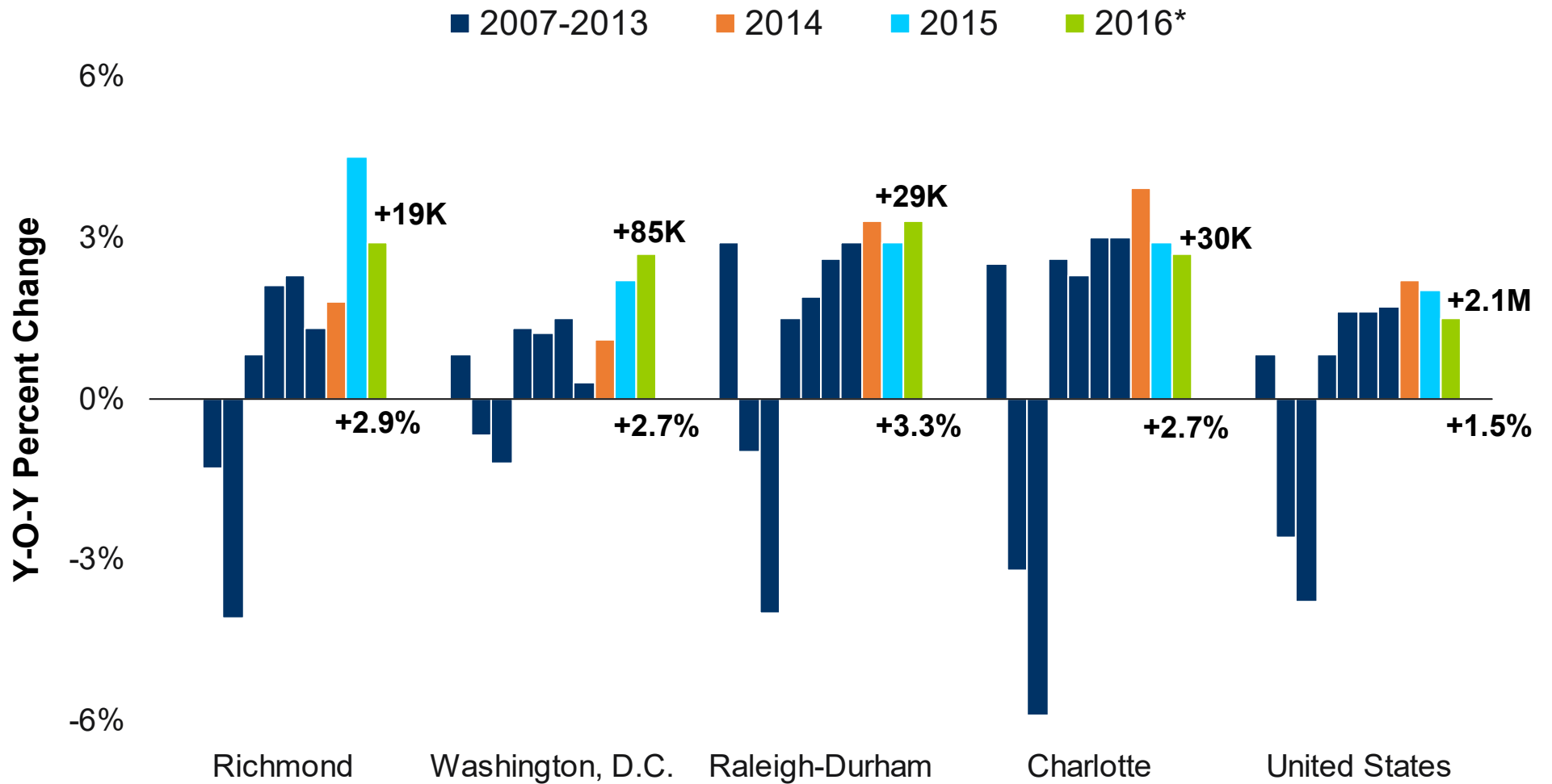


* Through August

Mid-Atlantic includes Richmond, Washington, D.C., Raleigh-Durham, and Charlotte

Sources: Marcus & Millichap Research Services, BLS

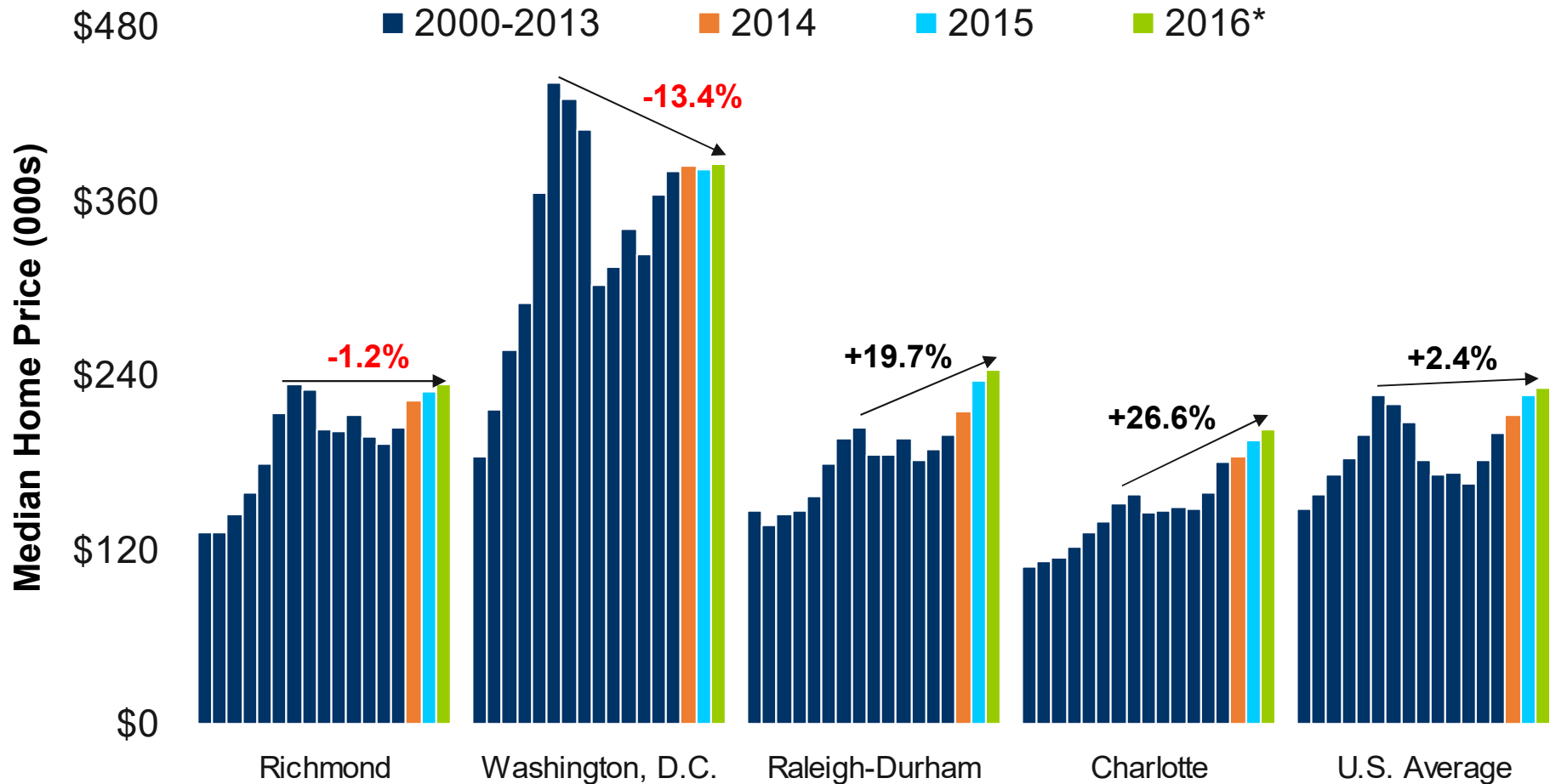
Employment Growth Trends



* Forecast

Sources: Marcus Millichap Research Services, BLS

Single-Family Home Price Trends



* Preliminary estimate through 3Q

Sources: Marcus & Millichap Research Services, National Association of Realtors

Median Home Price Change From Pre-Recession Peak

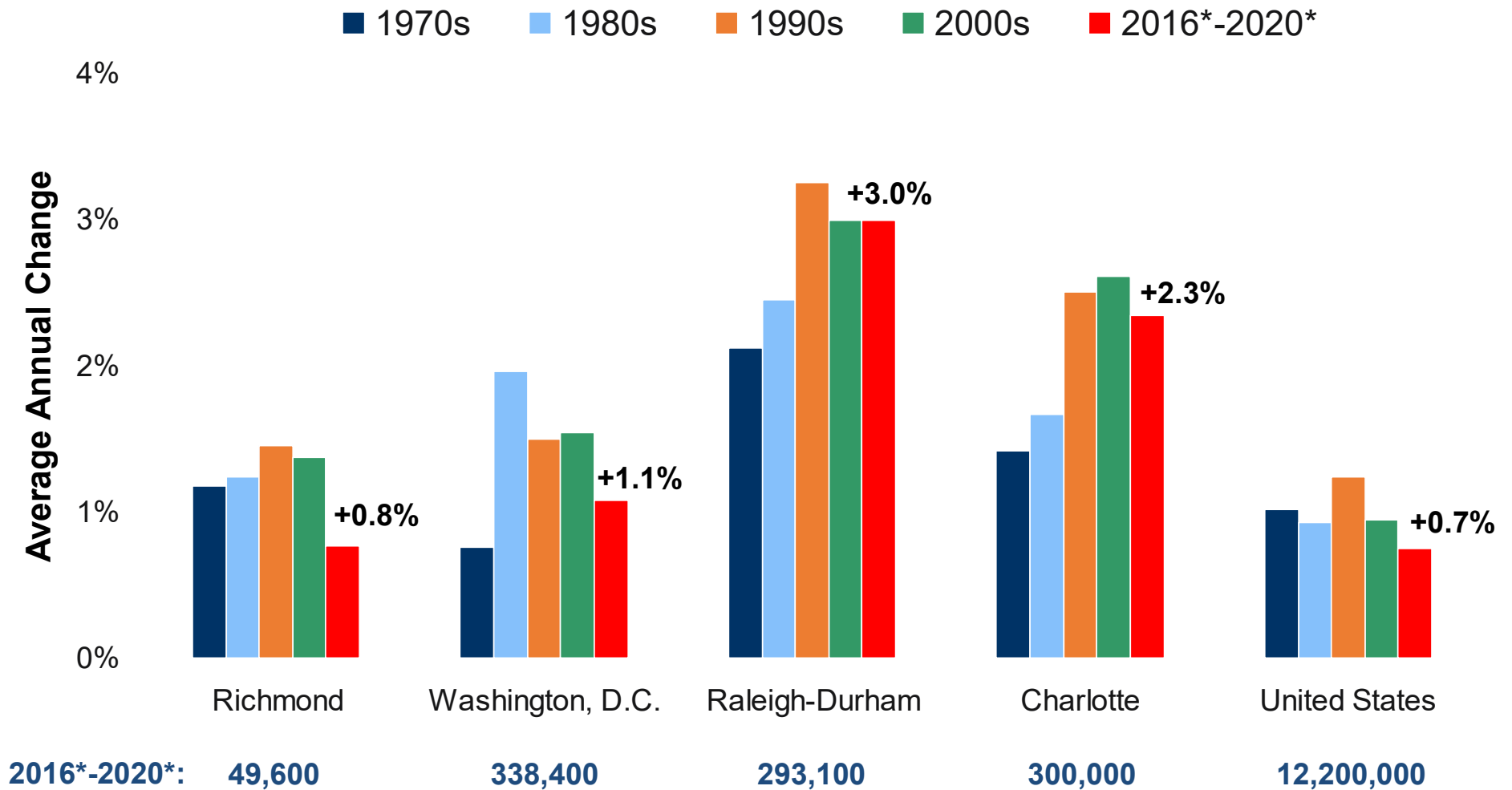
Top 10 Metros	Percent Change From Peak*	Pre-Recession Price Peak
Denver	52.0%	1Q 2006
Austin	46.9%	1Q 2008
Dallas-Ft. Worth	45.6%	4Q 2005
Houston	35.0%	3Q 2008
San Antonio	31.8%	4Q 2007
Charlotte	26.6%	3Q 2007
Indianapolis	25.9%	1Q 2005
San Jose	20.6%	4Q 2007
Raleigh-Durham	19.7%	4Q 2007
Portland	19.2%	2Q 2007
U.S. Average	2.4%	4Q 2005

Bottom 10 Metros	Percent Change From Peak*	Pre-Recession Price Peak
Fort Lauderdale	-28.9%	4Q 2005
West Palm Beach	-26.4%	4Q 2005
Las Vegas	-25.1%	1Q 2006
Inland Empire	-23.0%	4Q 2006
Detroit	-22.1%	3Q 2005
Orlando	-20.9%	4Q 2006
Miami	-20.4%	1Q 2007
Manhattan**	-19.3%	1Q 2008
Chicago	-19.0%	1Q 2007
Los Angeles	-17.3%	1Q 2007
U.S. Average	2.4%	4Q 2005

* Preliminary estimate as of 3Q 2016

Sources: Marcus & Millichap Research Services, National Association of Realtors

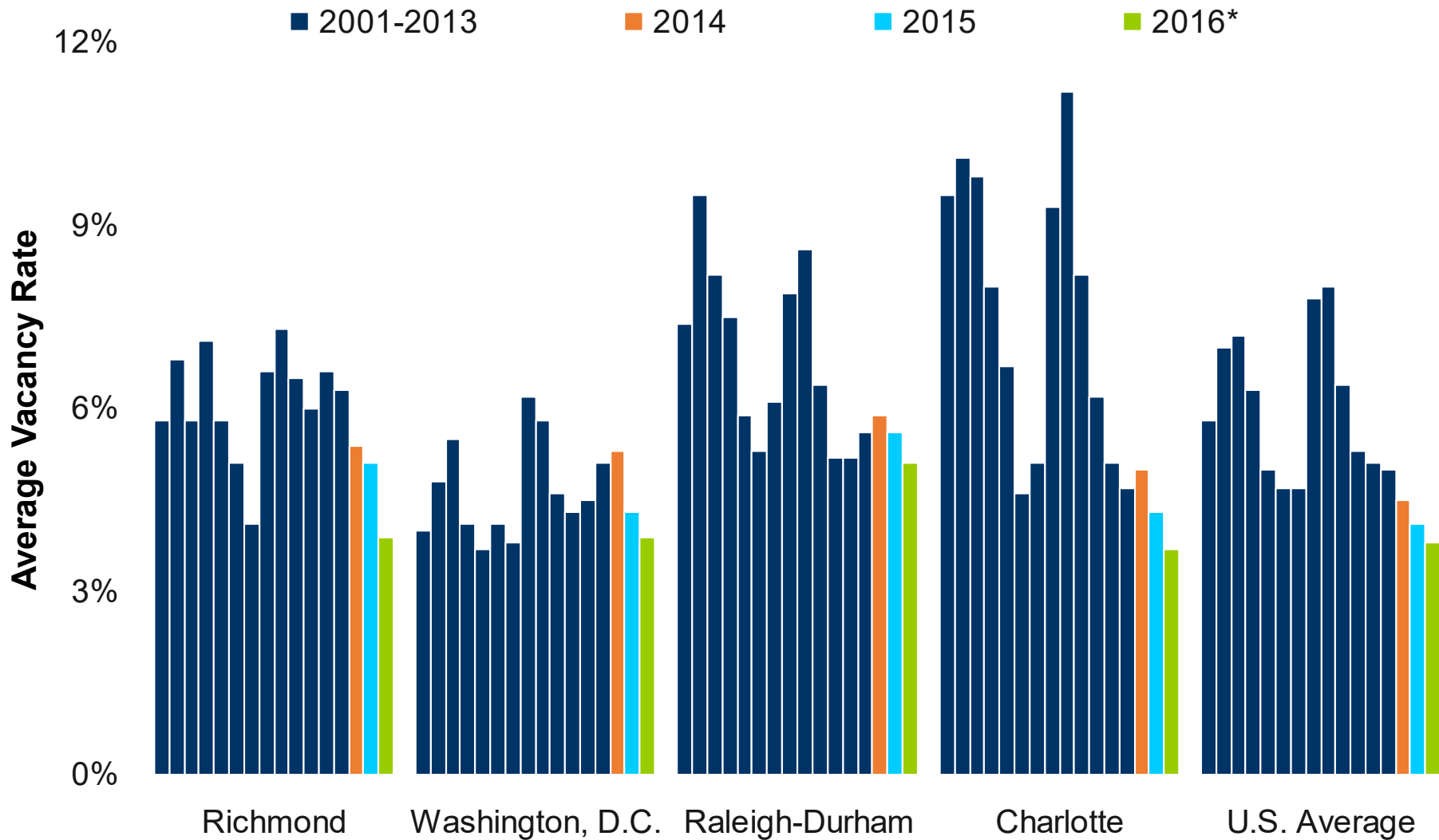
Average Annual Population Growth Trends



* Forecast

Sources: Marcus Millichap Research Services, U.S. Census Bureau

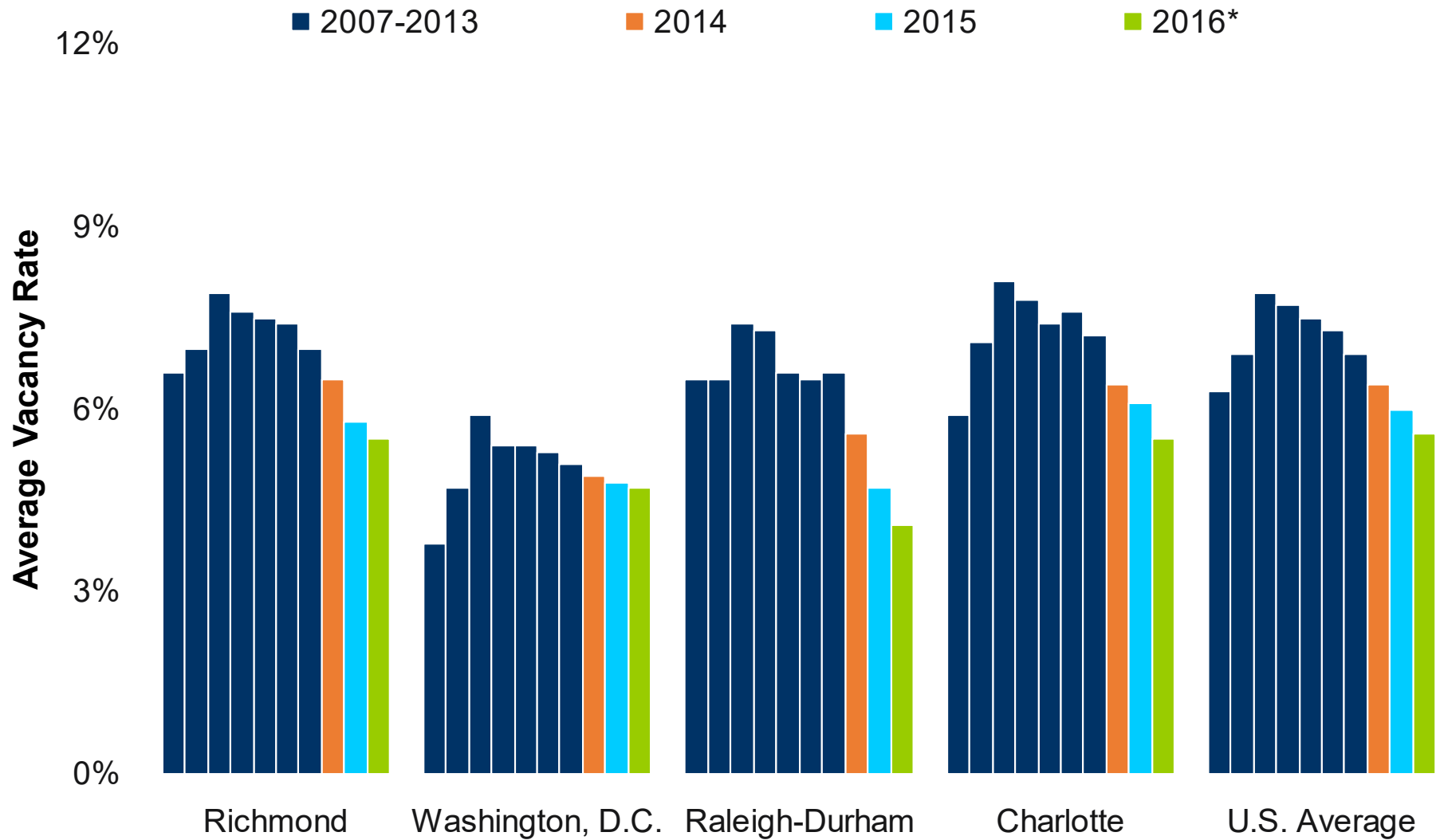
Apartment Vacancy Rate Trends



* Forecast

Sources: Marcus & Millichap Research Services, MPF Research

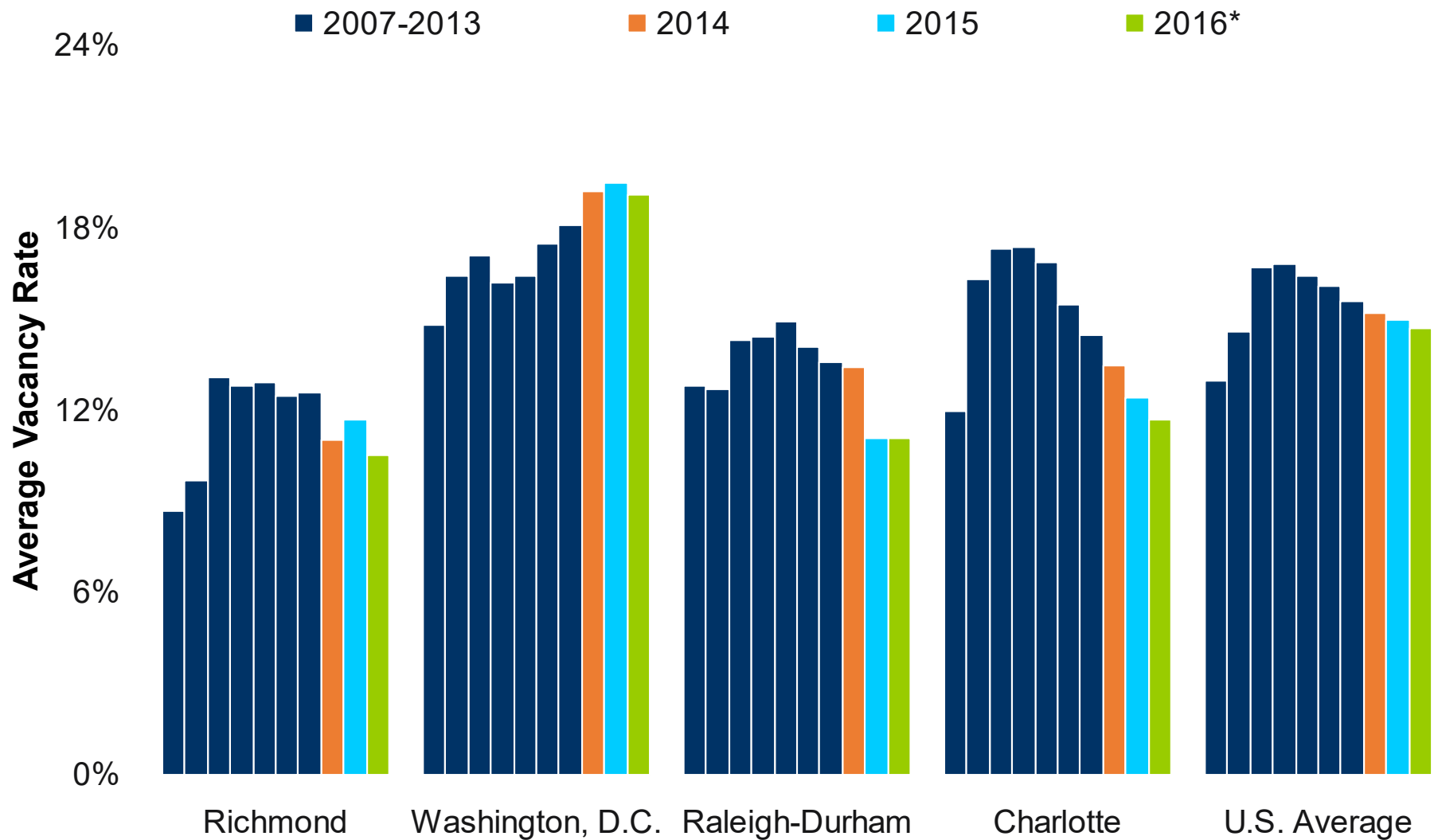
Retail Vacancy Rate Trends



* Forecast

Sources: Marcus & Millichap Research Services, CoStar Group, Inc.

Office Vacancy Rate Trends



* Forecast

Sources: Marcus & Millichap Research Services, CoStar Group, Inc.



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