

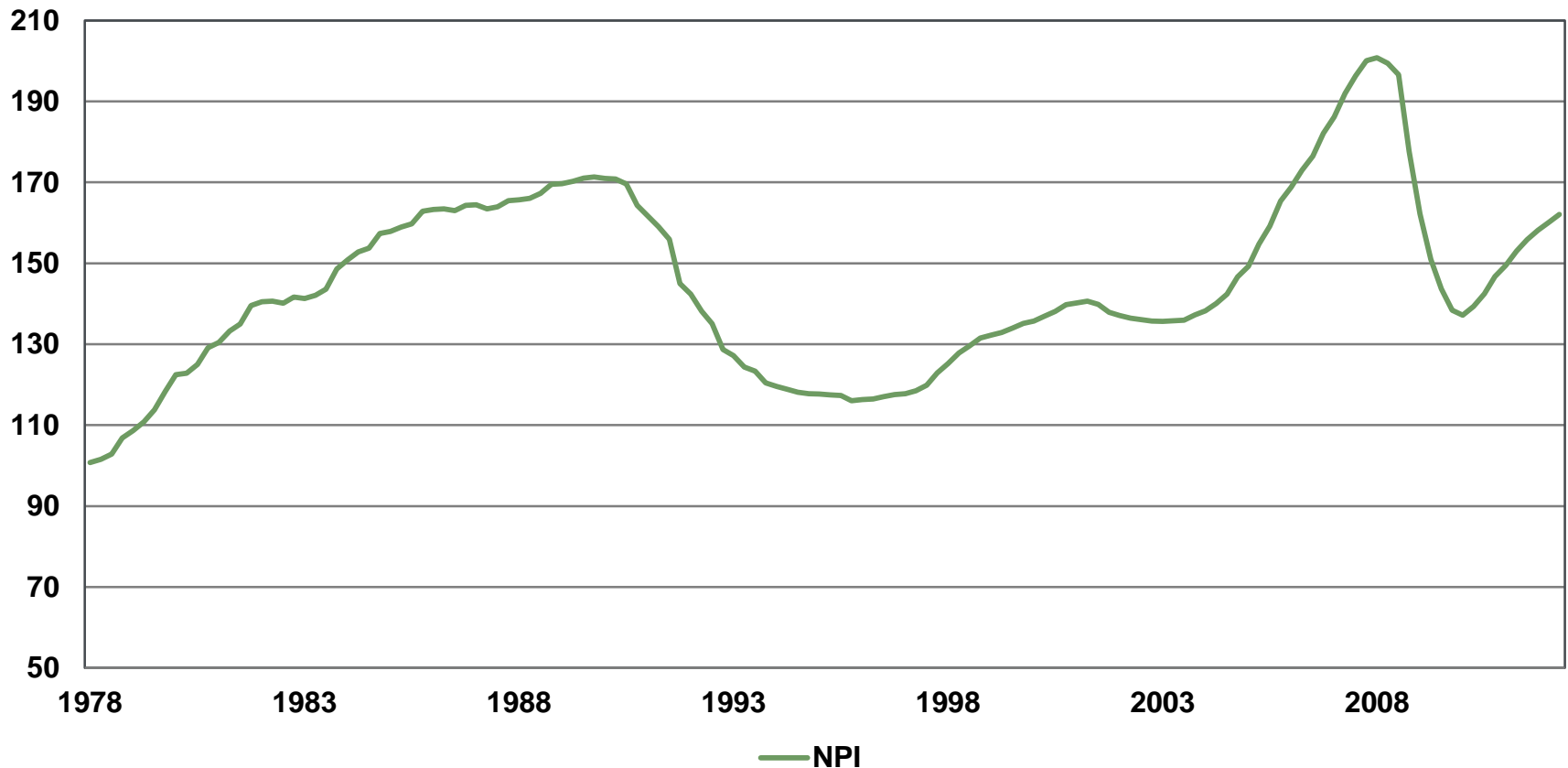
**NCTR Annual Convention
Real Estate Panel
October 9, 2012**

**BEYOND APARTMENTS:
What About the Other Property Sectors?**

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Where are we in the Real Estate Value Recovery?

NPI / NFI-ODCE Value Appreciation



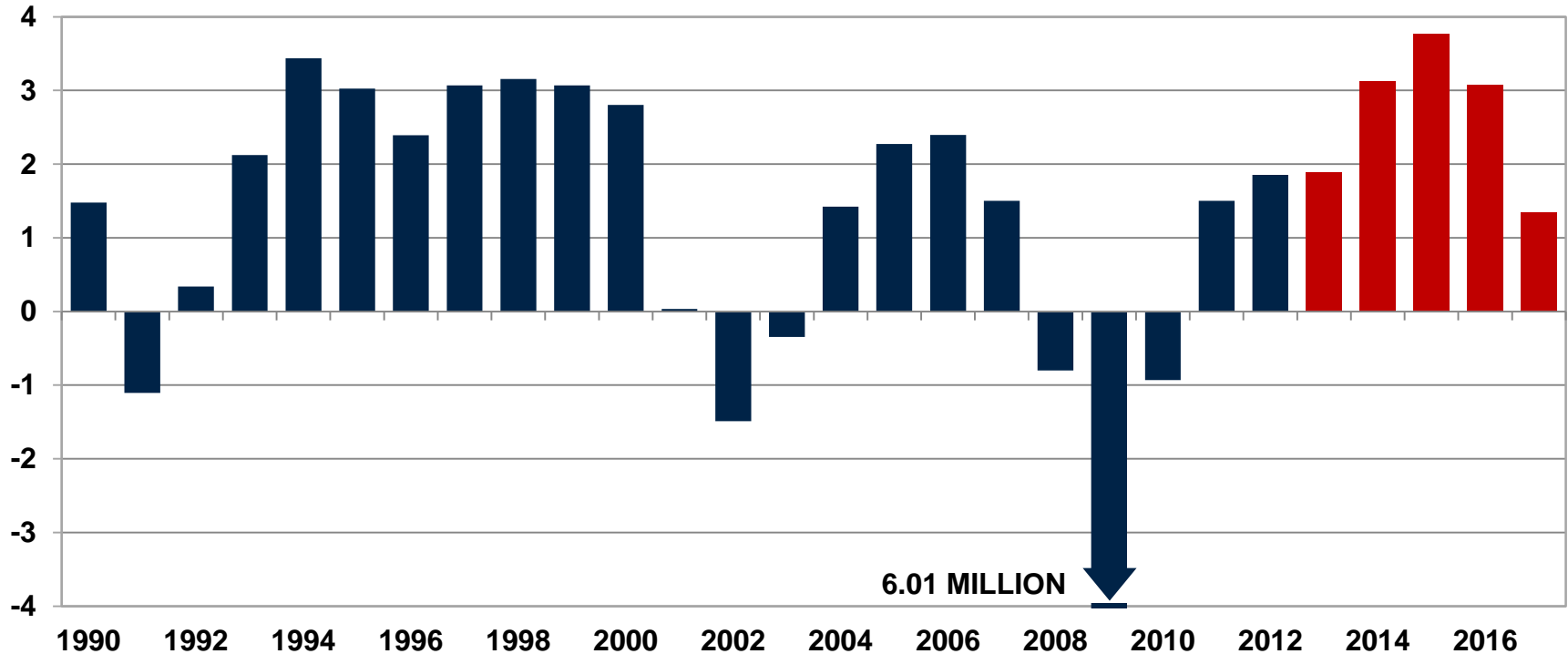
- Value increases since 2009 driven by capital flows. Will growth in income drive values higher?

Source: NCREIF, as of 6/30/12.

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Job Growth: Key to Improvement in Real Estate Fundamentals

Total Non-farm Jobs Created Annually (Million)

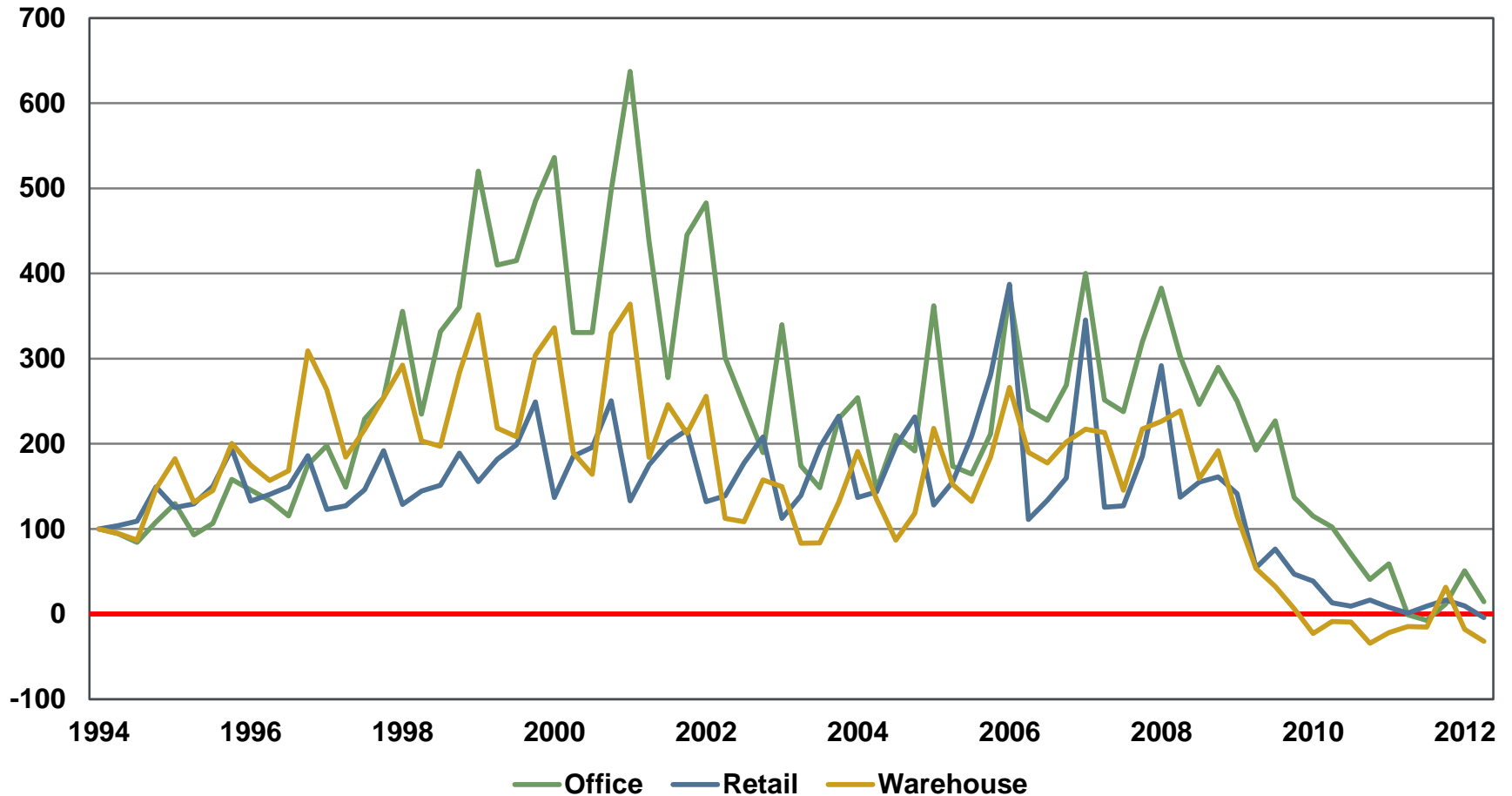


- Office Market Recovery → Job Growth
- Industrial Recovery → GDP, Trade, Job Growth
- Retail Recovery → Consumer Confidence, Job Growth

Source: BLS, Moody's Analytics; forecast as of August 2012.

A Big Silver Lining: Very Little New Supply

Net Completions (1Q94=100)



Source: PPR, as of 6/30/12.

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“Grumpy Goldilocks” Scenario may be just right for Commercial Real Estate

- Economy is not “too hot” to spur new supply.
- Job growth is not “too cold” to dampen space demand.
- Resulting growth in operating income could boost values.
- Real estate yields still high relative to bonds.
- Office, Industrial and Retail sectors should benefit over next five years.

A stylized, low-poly mountain range graphic in shades of blue, centered on the slide. The mountains are composed of various geometric shapes, creating a jagged, crystalline appearance. A large, thin blue arc is positioned behind the mountains, partially framing them.

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