
Wall Street and Commercial Real Estate

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February 14, 2017 – CREPOC
Deck Updated Late February

Goals of Presentation

- New News!
- Market Drivers
- Capital Markets – REITs/CMBS
- Real Estate Performance
- Conclusions

Note: PPT Deck will be posted to www.GreerAdvisors.com

Most information is updated via Newsletter, sign up on web site.

■ Market Drivers

Market Drivers

Supply / Demand – Drives Vacancy (1) & Rents (2)

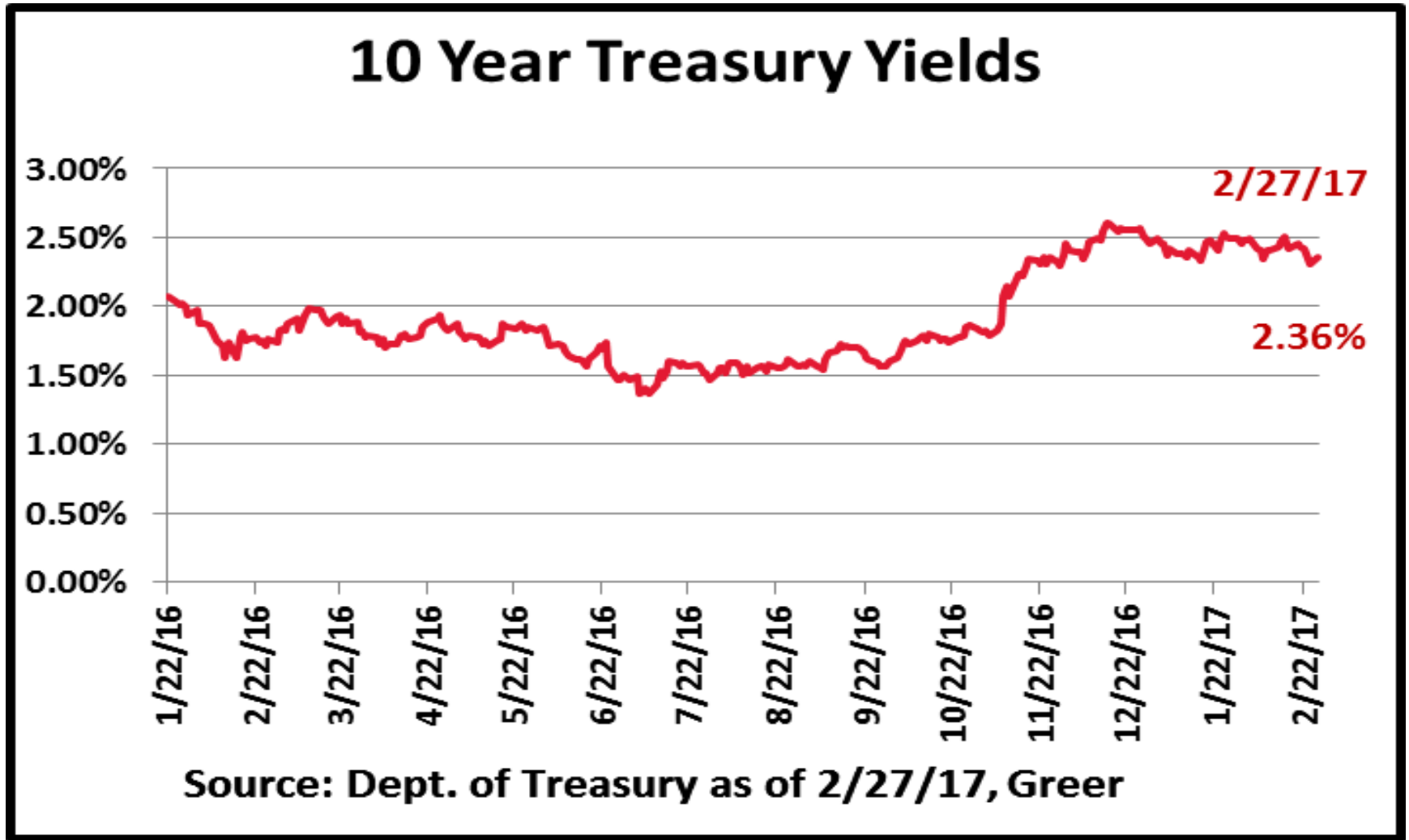
- Most Demand ties to Jobs – Results Impact Rent & Vacancy
 - Office – FIRE Employment, Portion of Service Employment
 - Retail – Household (HH) Formations, Income Growth
 - Industrial – Manufacturing & Distribution (Logistics)
 - Multifamily – HH Formations, non-Top 25% HH Income
 - Hotel – Corporate Travel – Office & Industrial Employment

Financing – DRIVES VALUE!

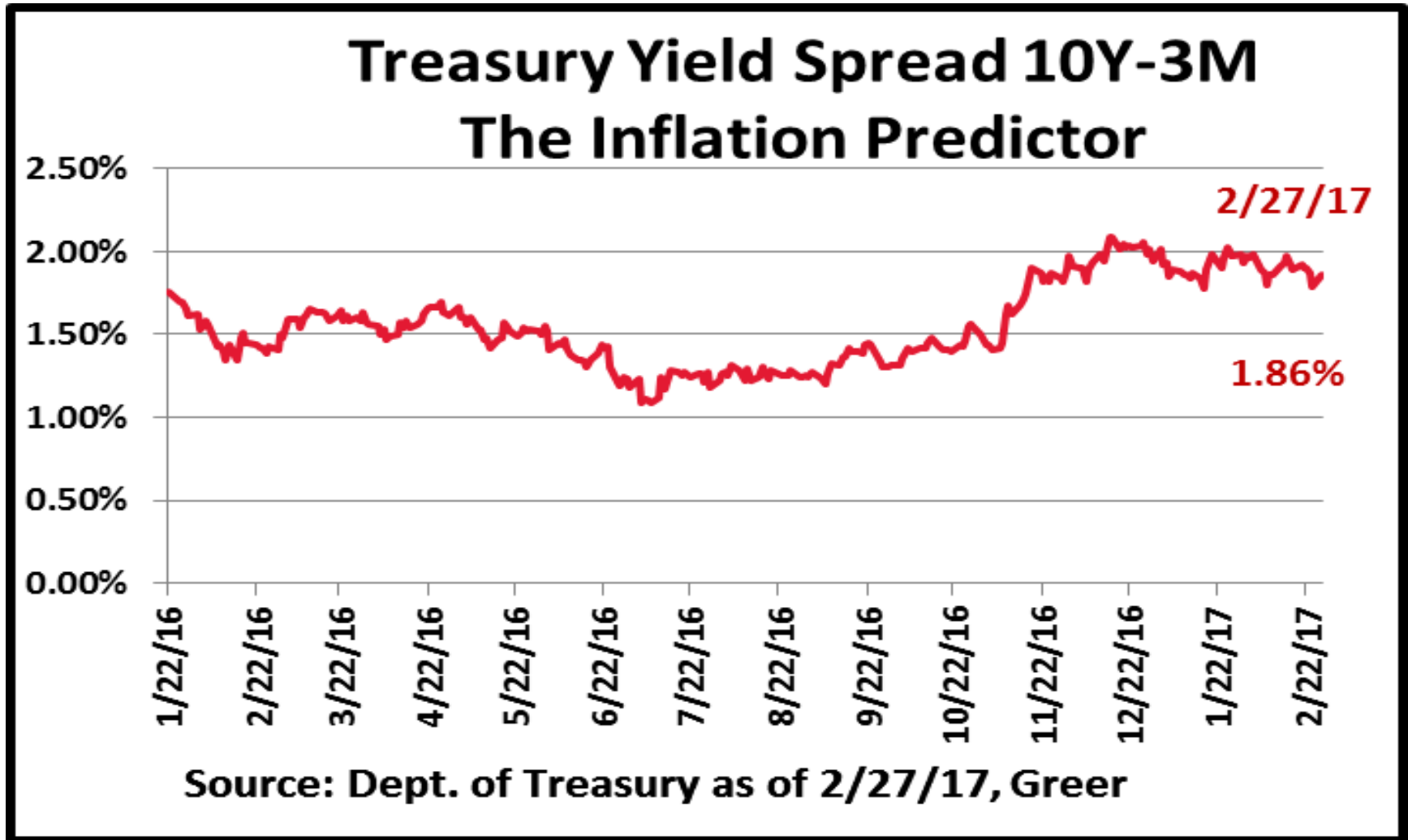
- Availability
- Rate and Term
- Leverage
- Recourse

⁴■ International Investment ** New

Interest Rate

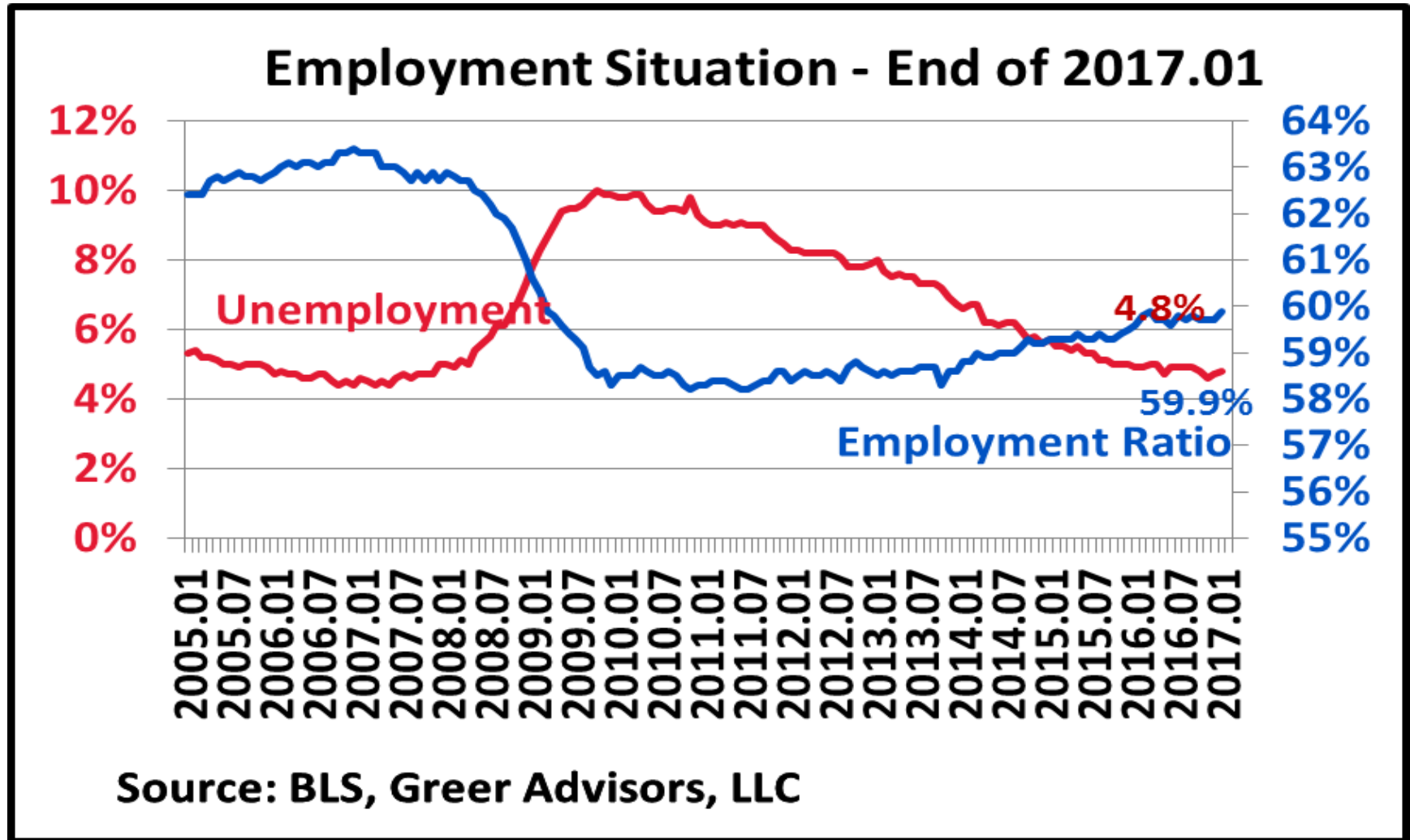


Inflation

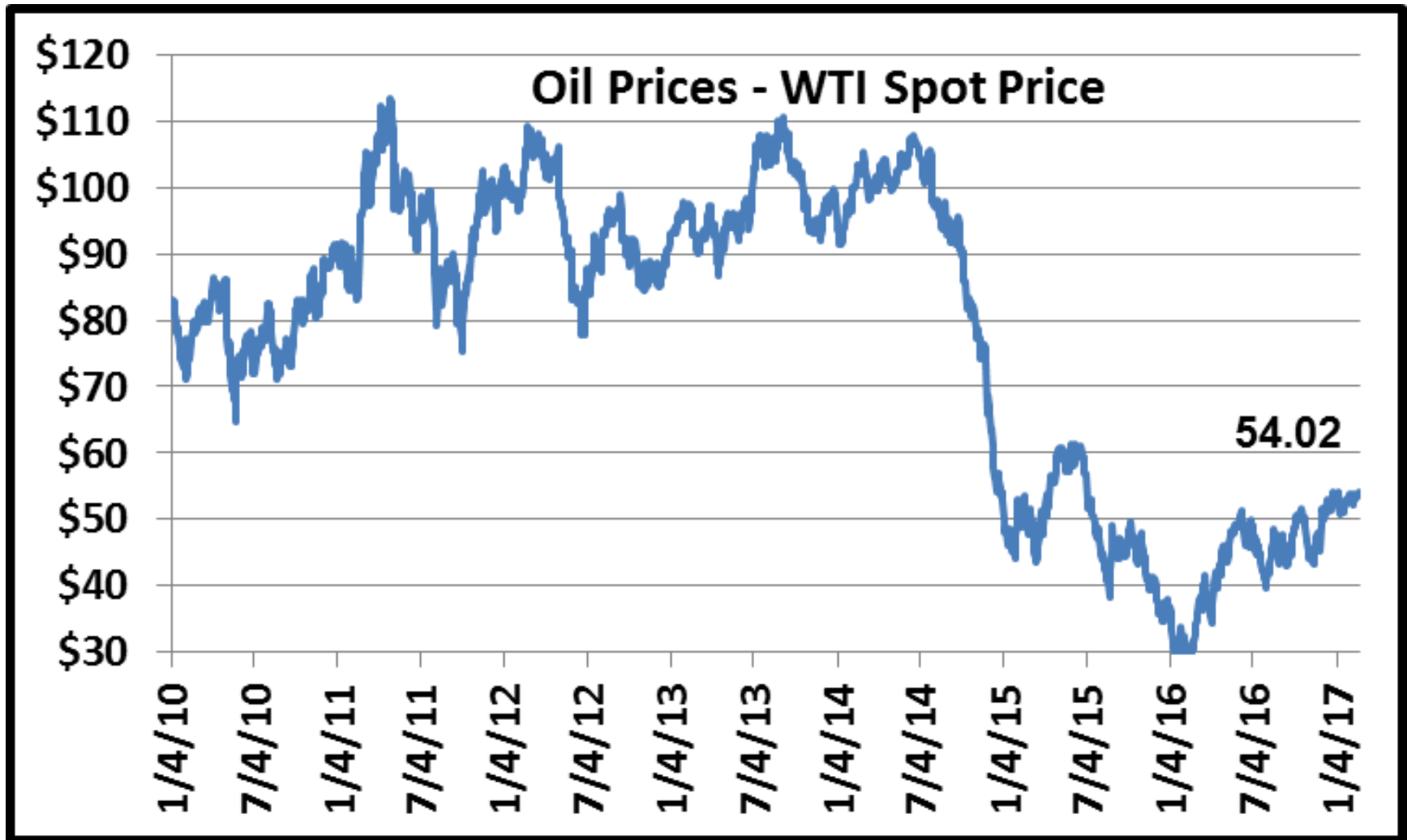


Comment: Chinese Debt

Key Economic Indicators

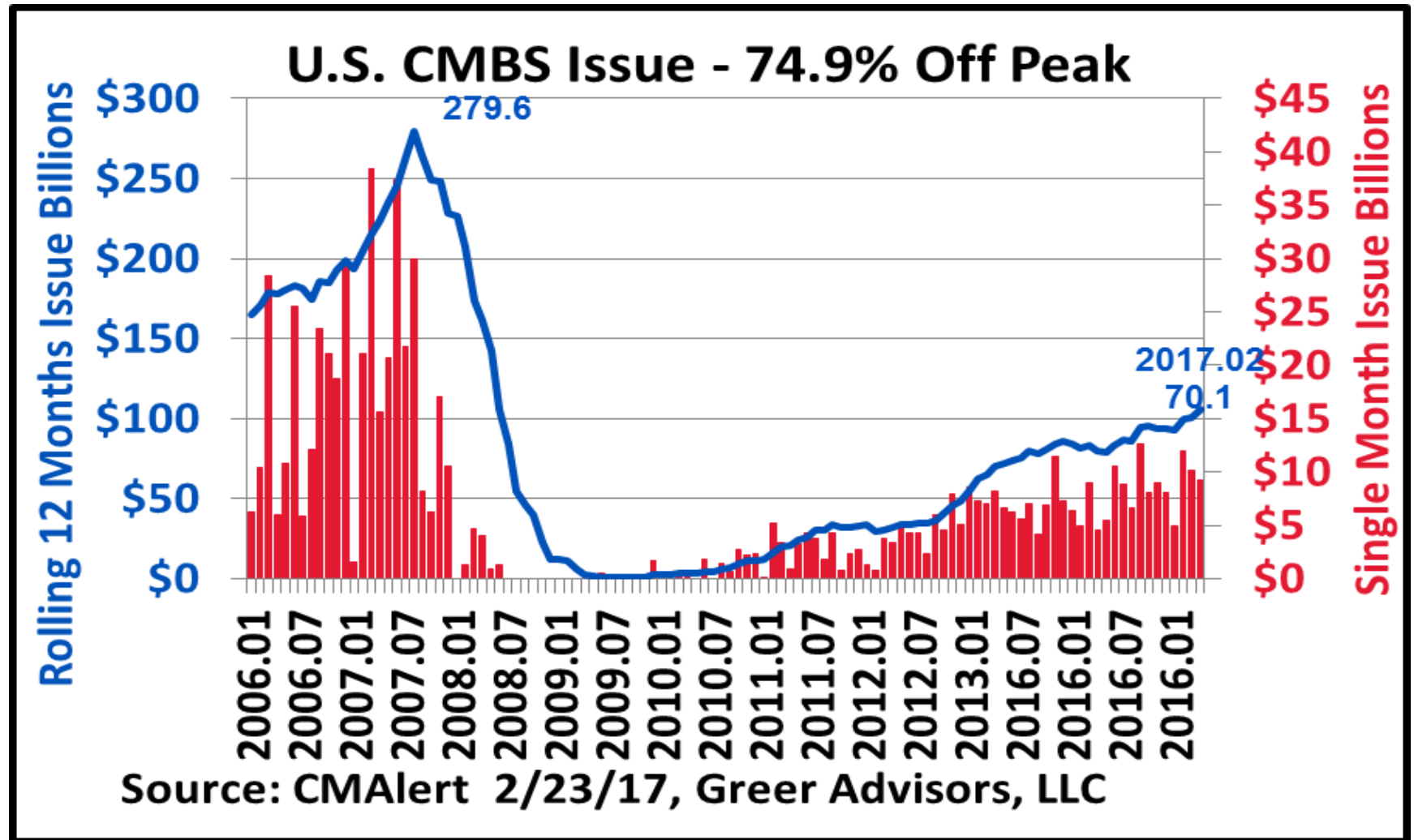


Oil Prices Remain Low, EIA as of 2/21/2017

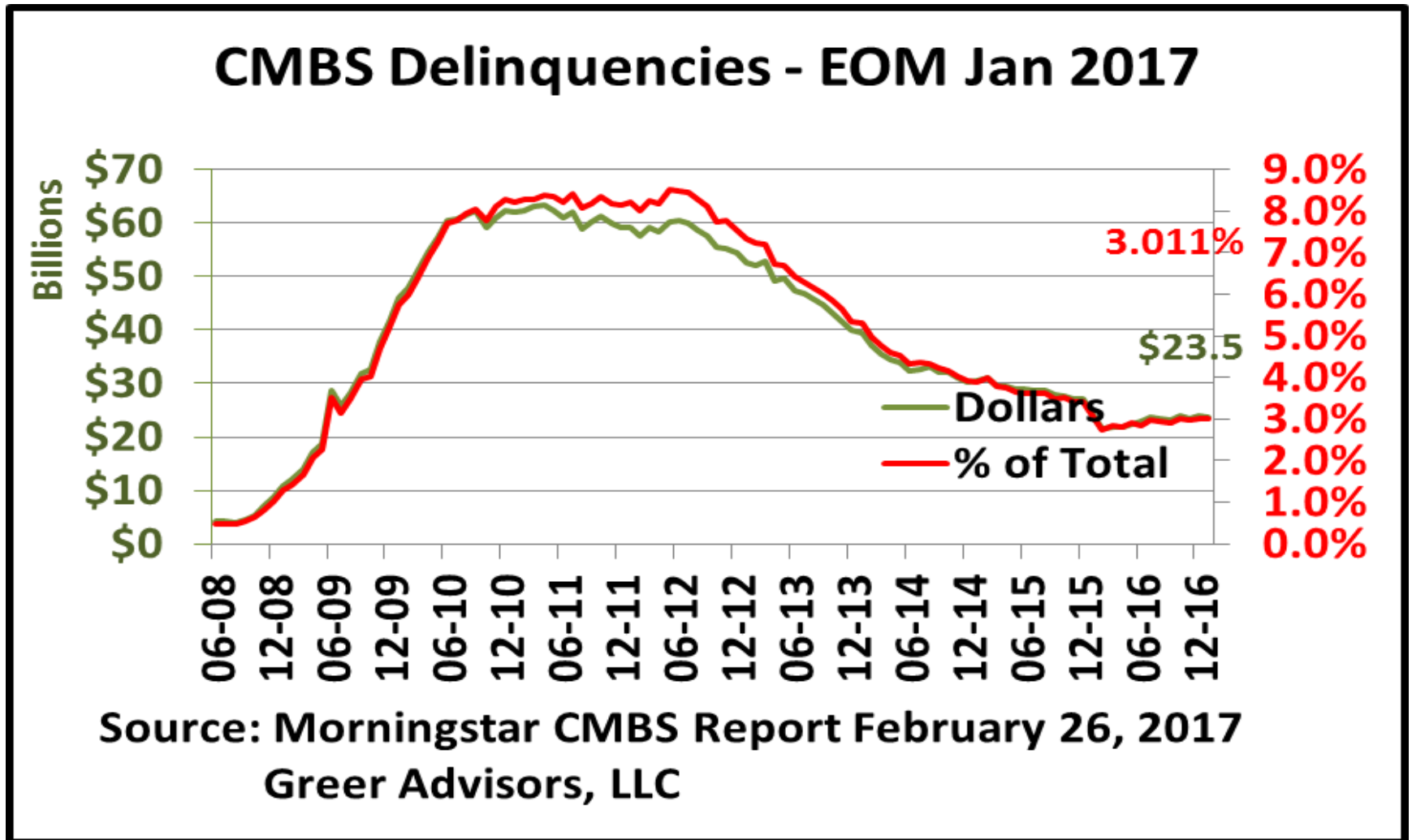


- Real Estate Capital Markets

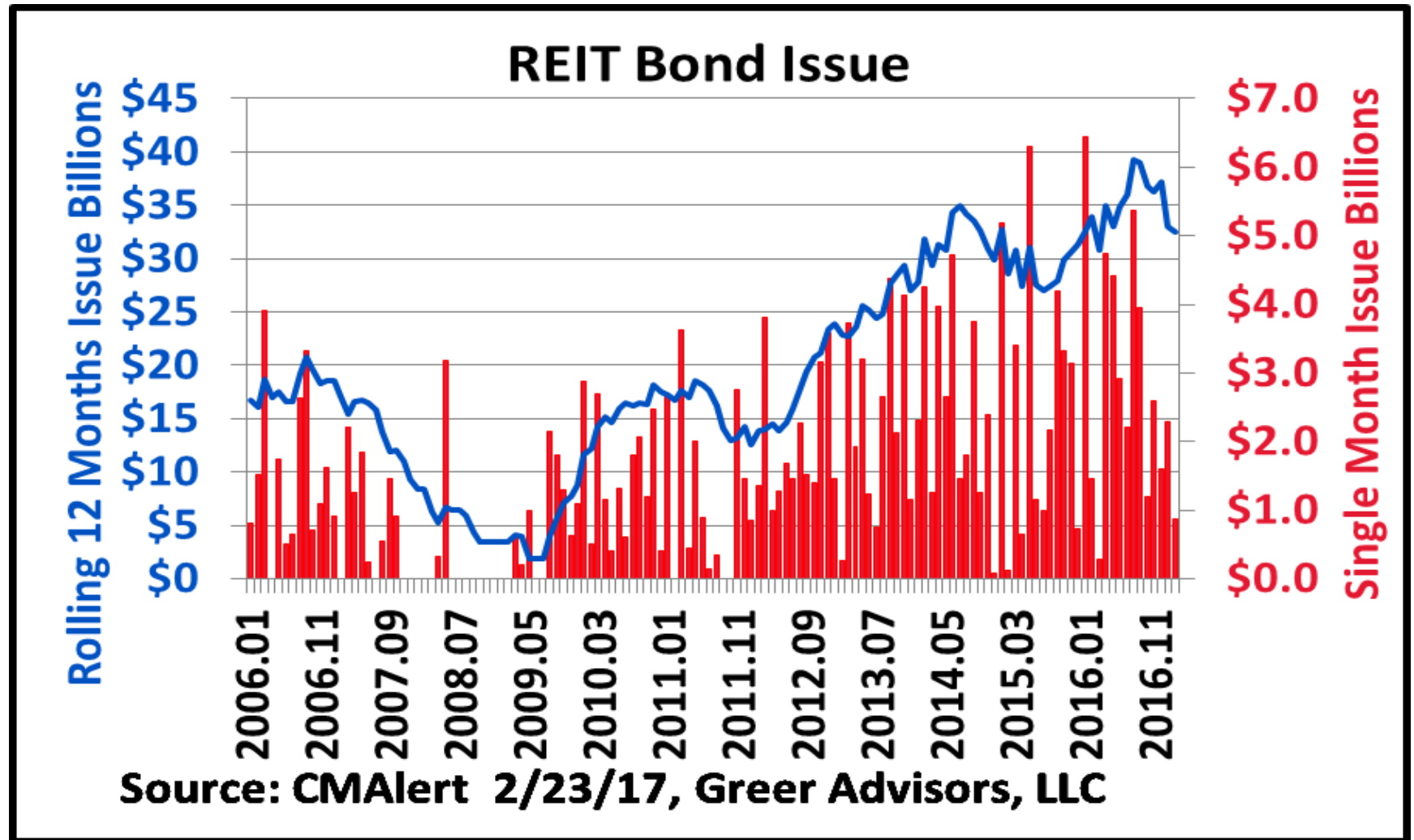
CMBS Issuance - Rising from Floor



CMBS Delinquencies – Rise, Fall & Stabilize



REIT Bond Issuance – Continued Growth



- Real Estate Market Performance

Real Estate Market Performance

- This is an Interactive Live Segment of the Presentation, with live Rent / Vacancy / Construction / Absorption data for ALL markets in the U.S. from CoStar.
- Most markets are now above 2007 rent levels

Conclusions and Forecast

- The Presidential Election outcome was good for Commercial Real Estate.
- Less government spending should help keep rates low
- A softening of Dodd Frank (per Trump's Plan) could be good for Commercial Real Estate. Soften not eliminate!
- Rent & Vacancy rates continue to improve across the Country for most markets and most property types
- Rent & Vacancy rate continue to improve across most of SoCal for most markets and most property types
- Most Markets are now well above 2007 Rent Levels
- Continued Low Oil Prices Are Keeping Interest Rates Low

Conclusions and Forecast - continued

- Chinese Restrictions on Exporting of Currency Might Impact Demand for U.S. Real Estate, especially in Top markets
- A Sudden Rise in Oil Prices Could be Devastating
- Tech & Oil Markets Have Improved the Most
- CMBS Issue has steadily increased since the 2007/2009 fall, but remains much lower than pre-fall levels, i.e. good thing
- CMBS Delinquencies Have Stabilized Around 3%
- 2017 Forecast - CRE will increase 2-5% in value in most markets
- REITs Will Remain “Off the Charts”

Questions / Answers

A red and black road bicycle is the central focus, positioned on a light-colored tiled floor against a plain white wall. The bike features a red frame with black accents and 'GIRO' branding. It has a black seat, handlebars with a water bottle mounted on the stem, and black wheels with red lightning bolt graphics. In the foreground, a black and red Giro helmet and a pair of red cycling shoes are placed on the floor.

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