



Commercial Real Estate Briefing

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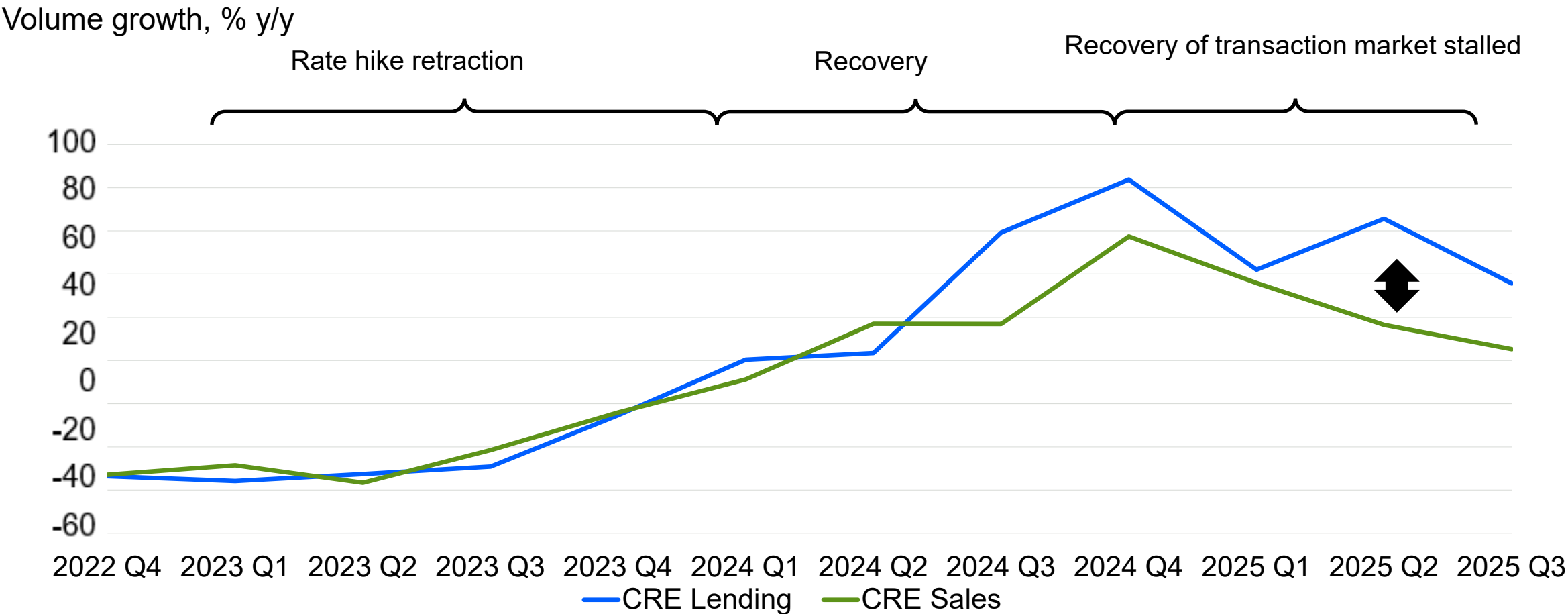
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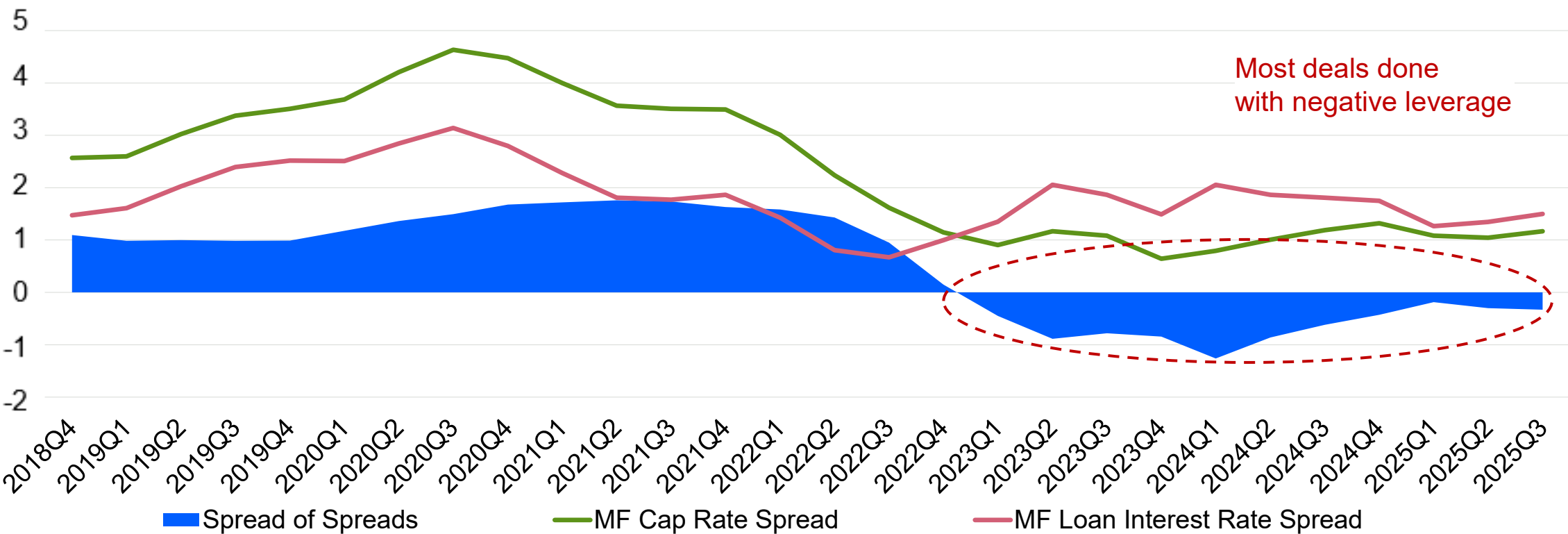
Two Capital Market Roads Diverged in a Wood



Sources: Mortgage Bankers Association, Moody's Analytics
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High Rates, Tight Pricing and Uncertainty Constrain Growth

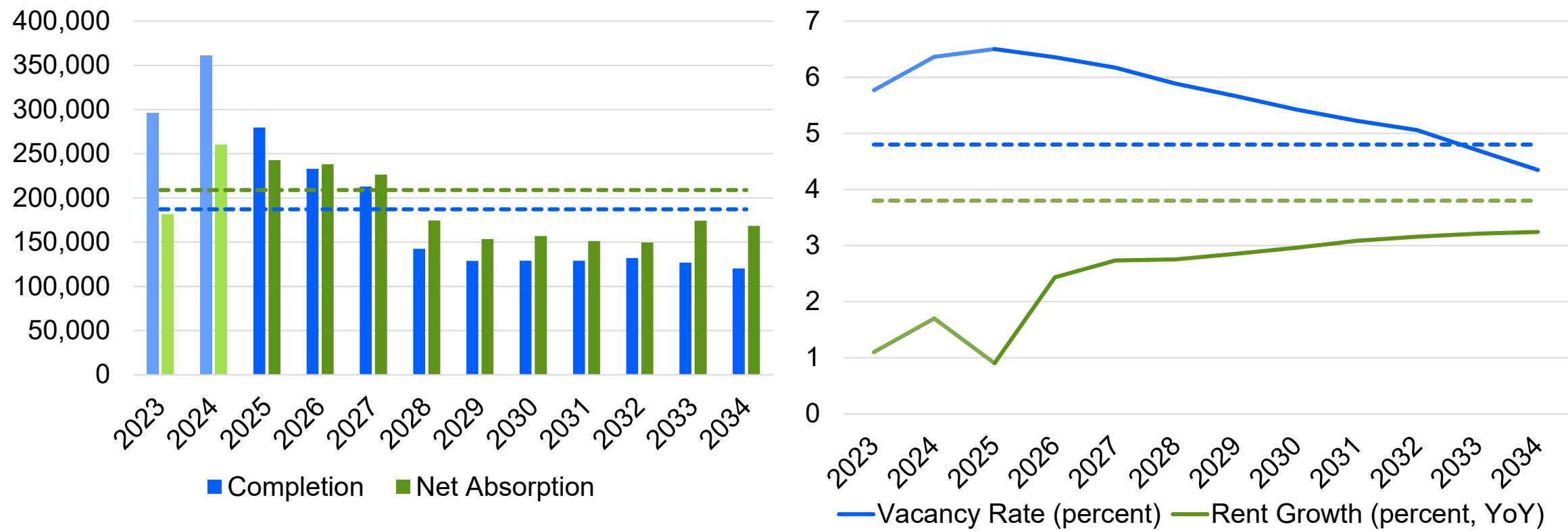
Multifamily cap rate and loan interest rate spreads



Note: CMBS data benchmarked to 10-yr Treasury as risk-free reference rate
Sources: Federal Reserve, Moody's Analytics

Below-Average Demand Has Long-Lasting Impact

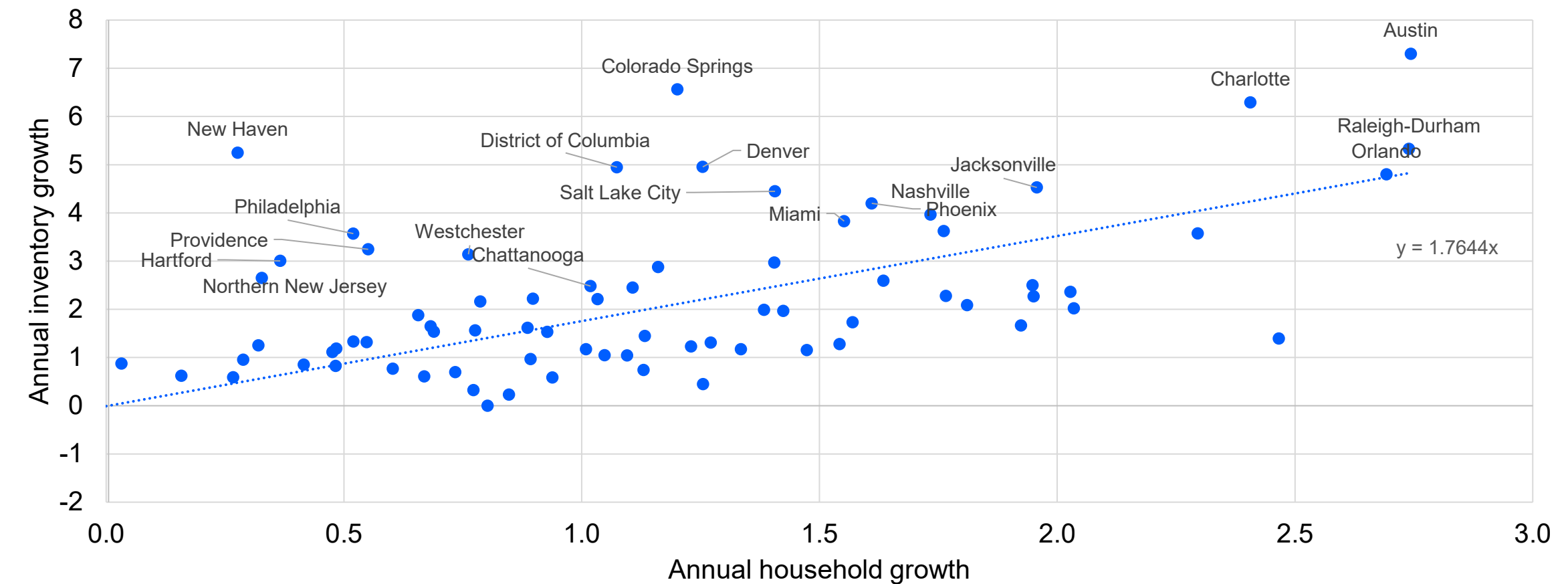
Units (L), % (R)



Source: Moody's Analytics

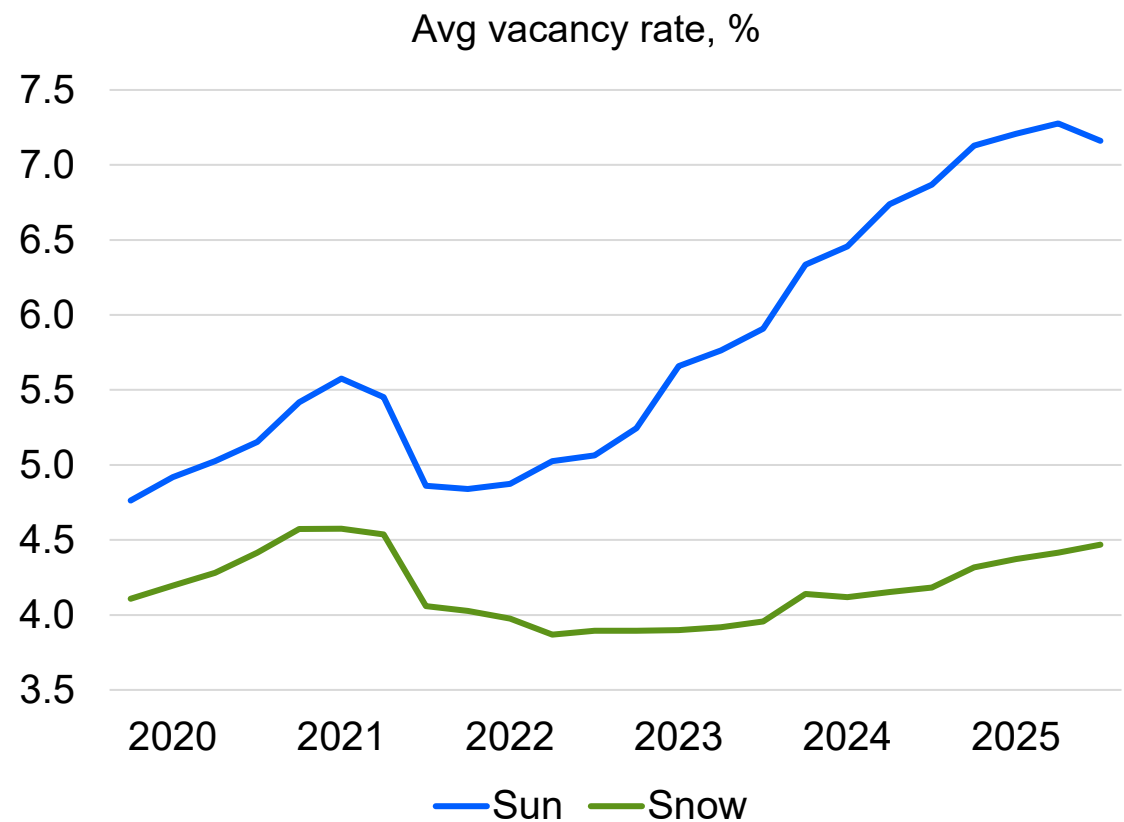
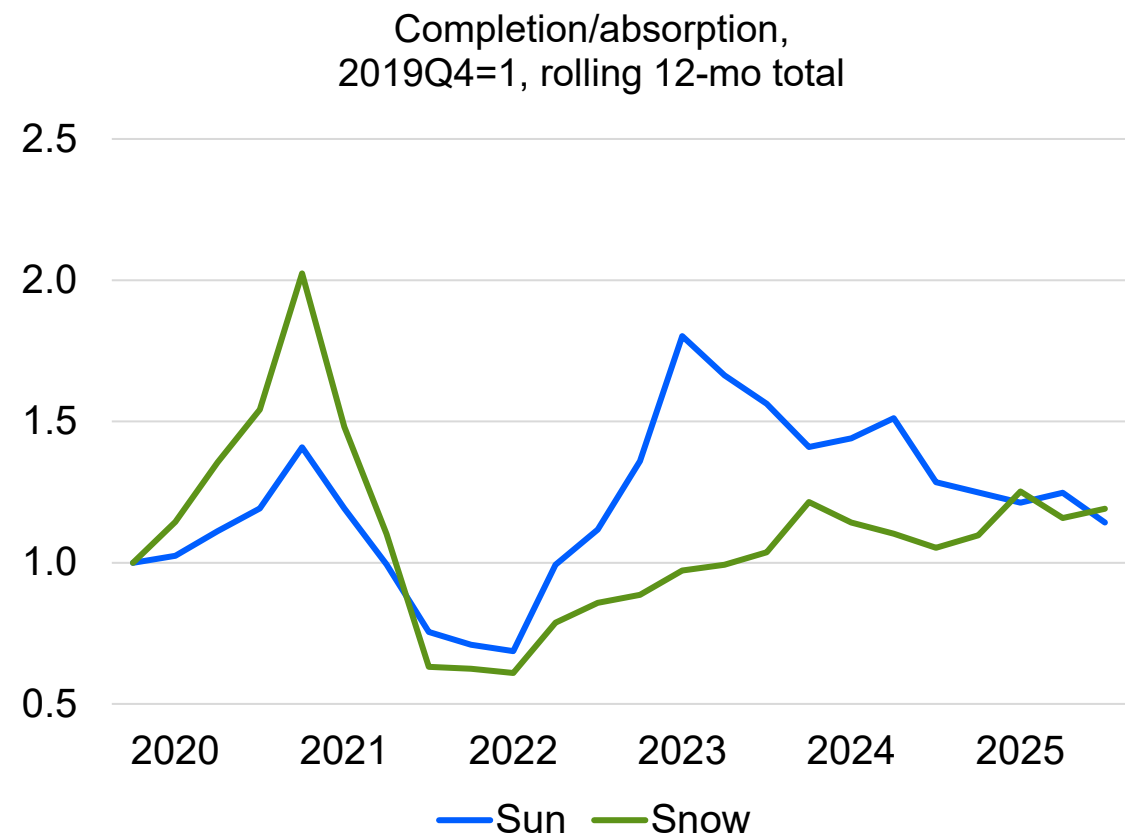
Inventory Multiplier Explains Market Vacancy Dynamics

X-axis: % yr-over-yr growth ; Y-axis: % yr-over-yr growth



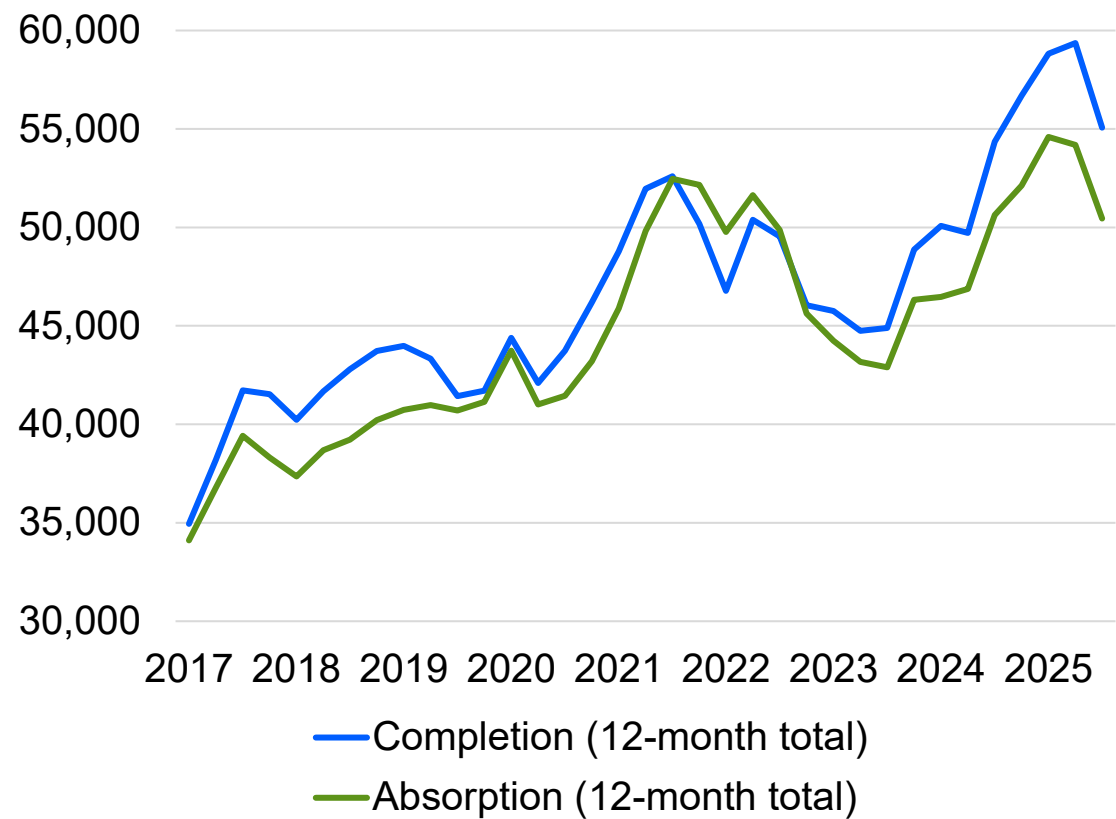
Source: Census Bureau, Moody's Analytics

Regional Dynamics: Is Sun Belt's Exuberance Over?

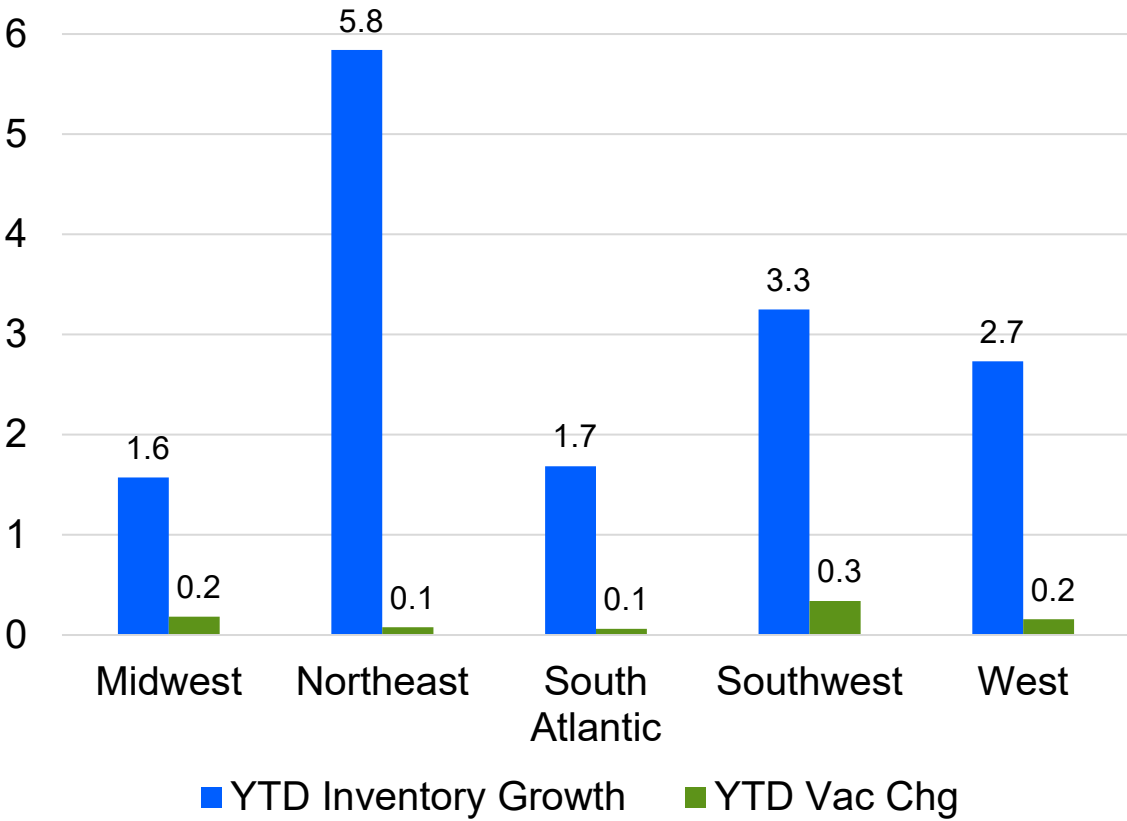


Affordable Housing Supply and Demand

Y-axis: # of units



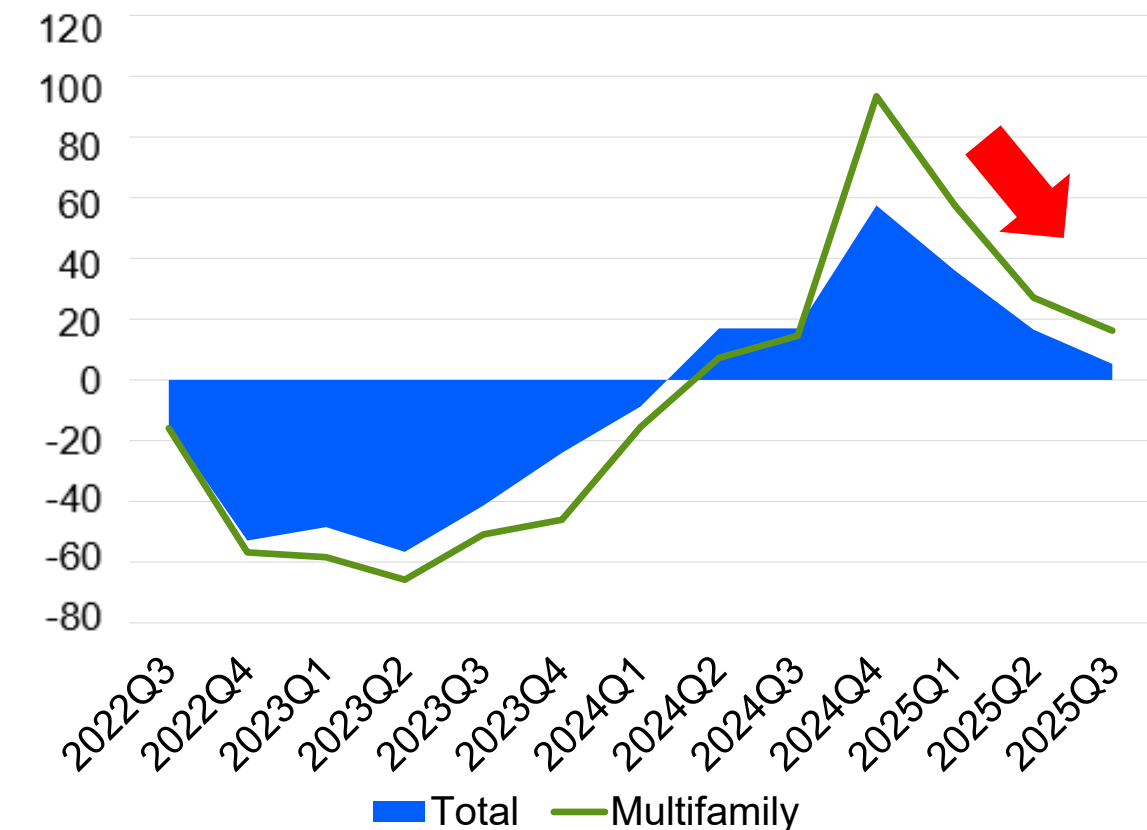
Y-axis: %



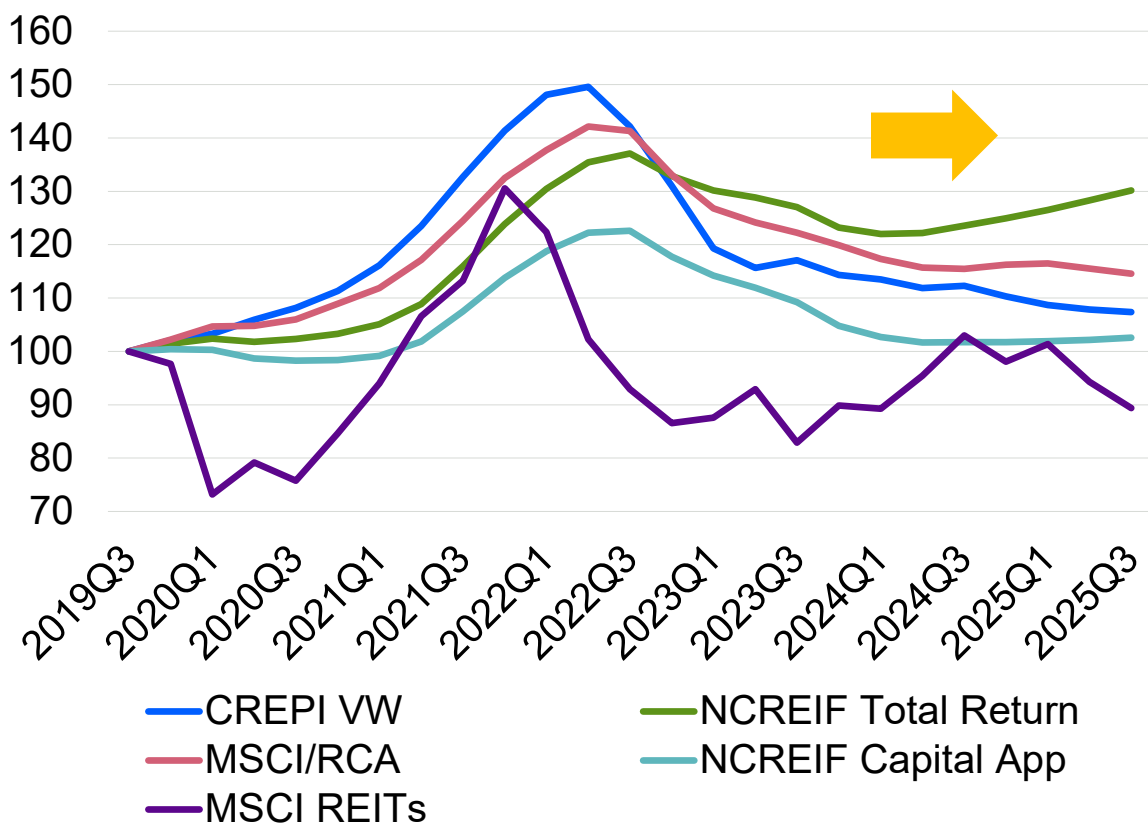
Source: Moody's Analytics

Multifamily Faces Headwinds, Despite Excess Housing Demand

Sales volume, % y/y growth



Multifamily price indexes, 2019Q3=100



Sources: MSCI, NCREIF, Moody's Analytics

Retail Performance

Metrics are adjusting as spending growth plateaus

- » Vacancy declined by 10 bps for neighborhood and community shopping centers in Q3. At 10.4%, the vacancy rate has more or less held steady, with a dearth of new supply offsetting softening demand.
- » Asking rents increased by 0.2% and effective rents increased by 0.3% in Q3.

Quarterly

Year	Qtr	Net Absorption	Asking Rent	Percent Change	Effective Rent	Percent Change	Vacancy Rate
2018	3	2.7	\$21.14	0.5%	\$18.50	0.4%	10.2%
2018	4	1.5	\$21.23	0.4%	\$18.58	0.4%	10.2%
2019	1	17.2	\$21.35	0.6%	\$18.69	0.6%	10.2%
2019	2	2.7	\$21.43	0.4%	\$18.77	0.4%	10.2%
2019	3	2.4	\$21.50	0.3%	\$18.83	0.3%	10.2%
2019	4	0.7	\$21.51	0.0%	\$18.85	0.1%	10.2%
2020	1	1.4	\$21.55	0.2%	\$18.88	0.2%	10.2%
2020	2	-0.3	\$21.45	-0.5%	\$18.76	-0.6%	10.2%
2020	3	-2.3	\$21.41	-0.2%	\$18.70	-0.3%	10.4%
2020	4	-1.6	\$21.35	-0.3%	\$18.61	-0.5%	10.5%
2021	1	0.5	\$21.33	-0.1%	\$18.59	-0.1%	10.6%
2021	2	2.0	\$21.34	0.0%	\$18.60	0.1%	10.6%
2021	3	6.1	\$21.38	0.2%	\$18.67	0.4%	10.4%
2021	4	3.6	\$21.39	0.0%	\$18.69	0.1%	10.4%
2022	1	1.7	\$21.42	0.1%	\$18.71	0.1%	10.4%
2022	2	3.6	\$21.44	0.1%	\$18.73	0.1%	10.4%
2022	3	2.3	\$21.45	0.0%	\$18.74	0.1%	10.4%
2022	4	2.7	\$21.49	0.2%	\$18.78	0.2%	10.4%
2023	1	3.0	\$21.54	0.2%	\$18.82	0.2%	10.4%
2023	2	3.8	\$21.57	0.1%	\$18.87	0.3%	10.4%
2023	3	1.7	\$21.62	0.2%	\$18.91	0.2%	10.4%
2023	4	1.1	\$21.65	0.1%	\$18.94	0.2%	10.4%
2024	1	1.0	\$21.70	0.2%	\$18.98	0.2%	10.4%
2024	2	0.5	\$21.75	0.2%	\$19.03	0.3%	10.5%
2024	3	4.3	\$21.79	0.2%	\$19.09	0.3%	10.4%
2024	4	0.5	\$21.85	0.3%	\$19.15	0.3%	10.4%
2025	1	0.3	\$21.91	0.3%	\$19.20	0.3%	10.4%
2025	2	0.0	\$21.93	0.1%	\$19.23	0.2%	10.5%
2025	3	1.7	\$21.97	0.2%	\$19.28	0.3%	10.4%

Neighborhood & community shopping centers

Annual

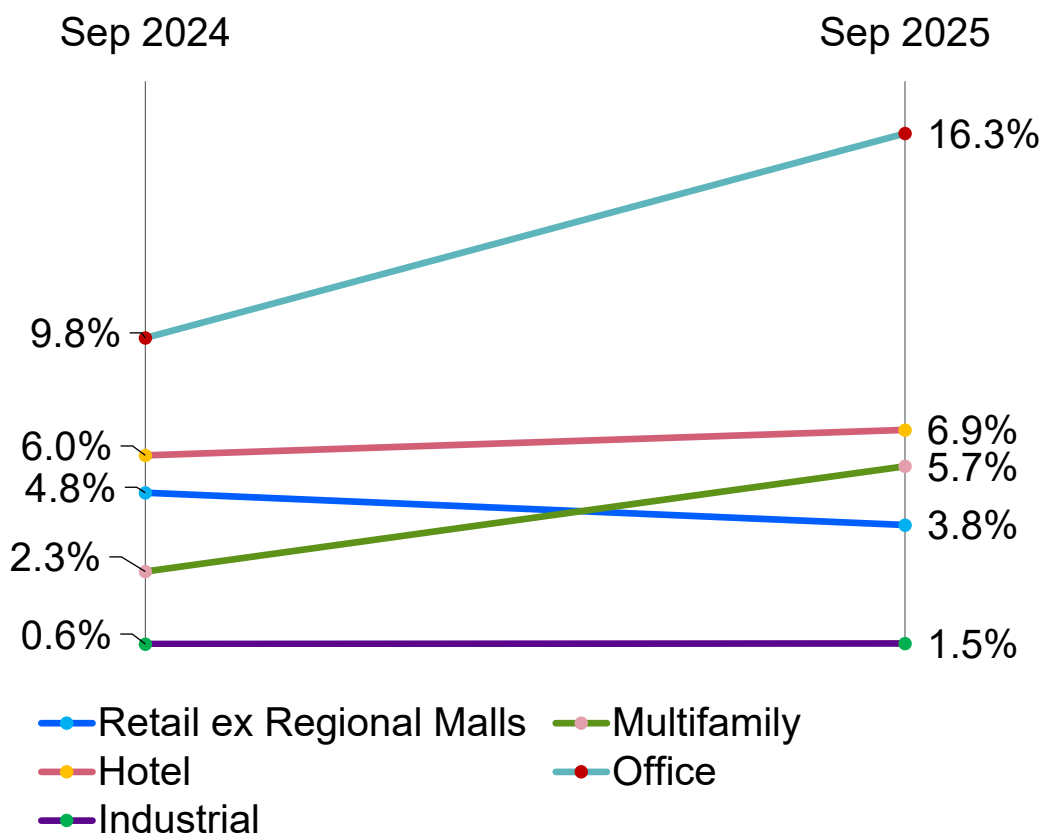
Year	Net Absorption	Asking Rent	Percent Change	Effective Rent	Percent Change	Vacancy Rate
2015	12.3	\$20.12	2.1%	\$17.56	2.2%	10.0%
2016	12.7	\$20.49	1.8%	\$17.91	2.0%	9.9%
2017	9.7	\$20.89	2.0%	\$18.27	2.0%	10.0%
2018	1.2	\$21.23	1.6%	\$18.58	1.7%	10.2%
2019	22.9	\$21.51	1.3%	\$18.85	1.5%	10.2%
2020	-2.7	\$21.35	-0.7%	\$18.61	-1.3%	10.5%
2021	12.3	\$21.39	0.2%	\$18.69	0.4%	10.4%
2022	10.4	\$21.49	0.5%	\$18.78	0.5%	10.4%
2023	9.7	\$21.65	0.7%	\$18.94	0.9%	10.4%
2024	6.3	\$21.85	0.9%	\$19.15	1.1%	10.4%
2025	5.3	\$22.04	0.9%	\$19.32	0.9%	10.5%
2026	9.2	\$22.40	1.6%	\$19.64	1.7%	10.4%
2027	10.3	\$22.86	2.1%	\$20.04	2.0%	10.2%
2028	11.2	\$23.37	2.2%	\$20.47	2.1%	10.0%
2029	10.0	\$23.94	2.4%	\$20.96	2.4%	9.8%

77 of 190 net absorption figures are in mil of square ft

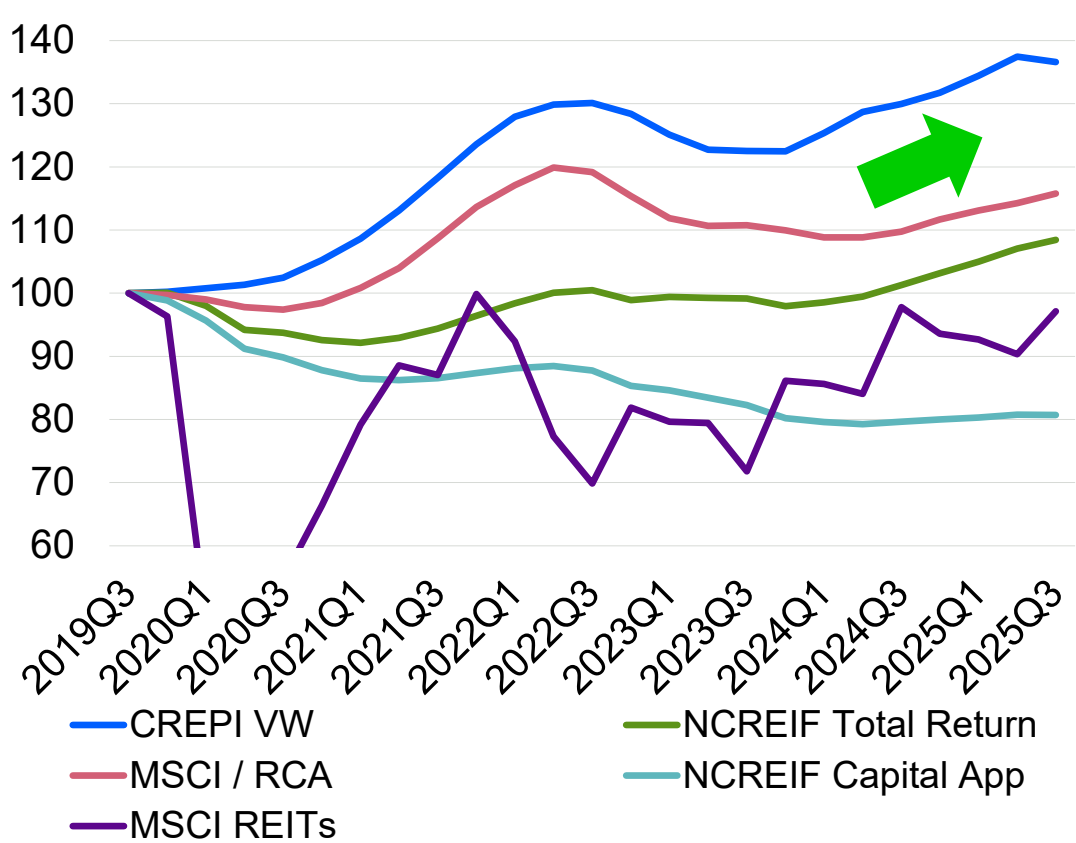
Source: Moody's Analytics

Most Signs Point to the End of the Retail Apocalypse

CMBS loan delinquency rate by property type



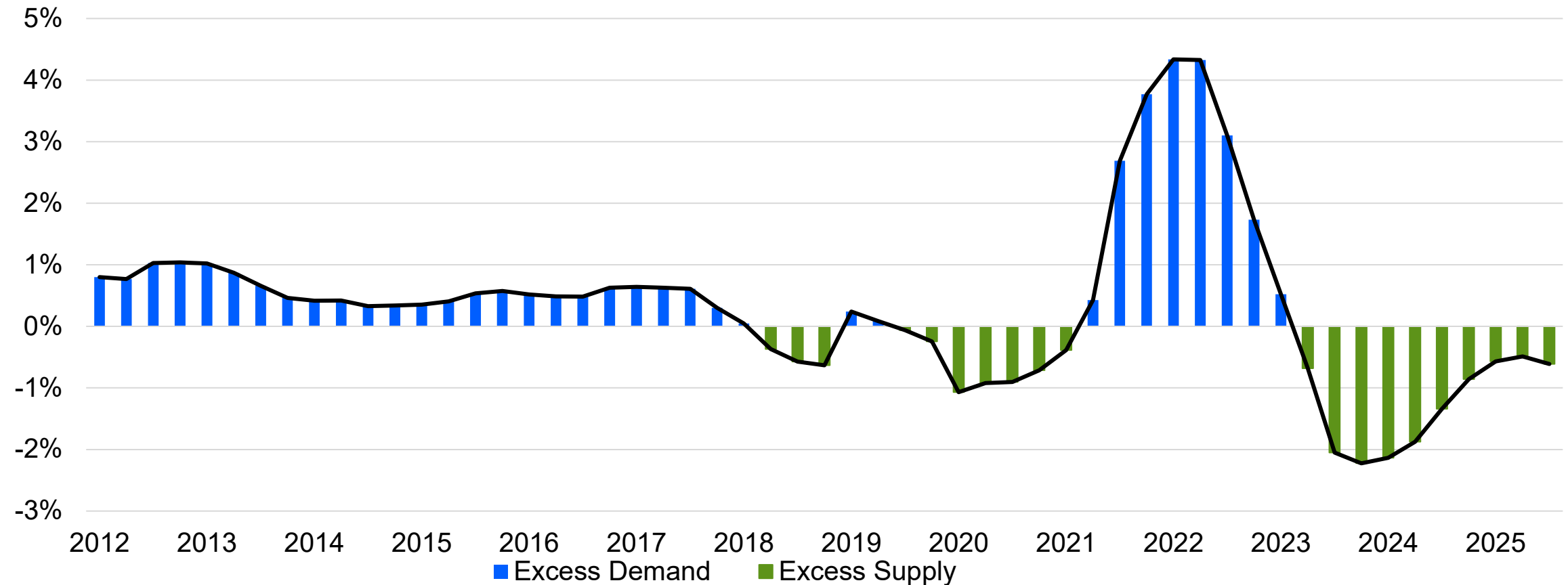
Retail property price indexes, 2019Q3=100



Sources: Trepp, Moody's Analytics

Oversupply Headwinds Persist

Excess supply to inventory

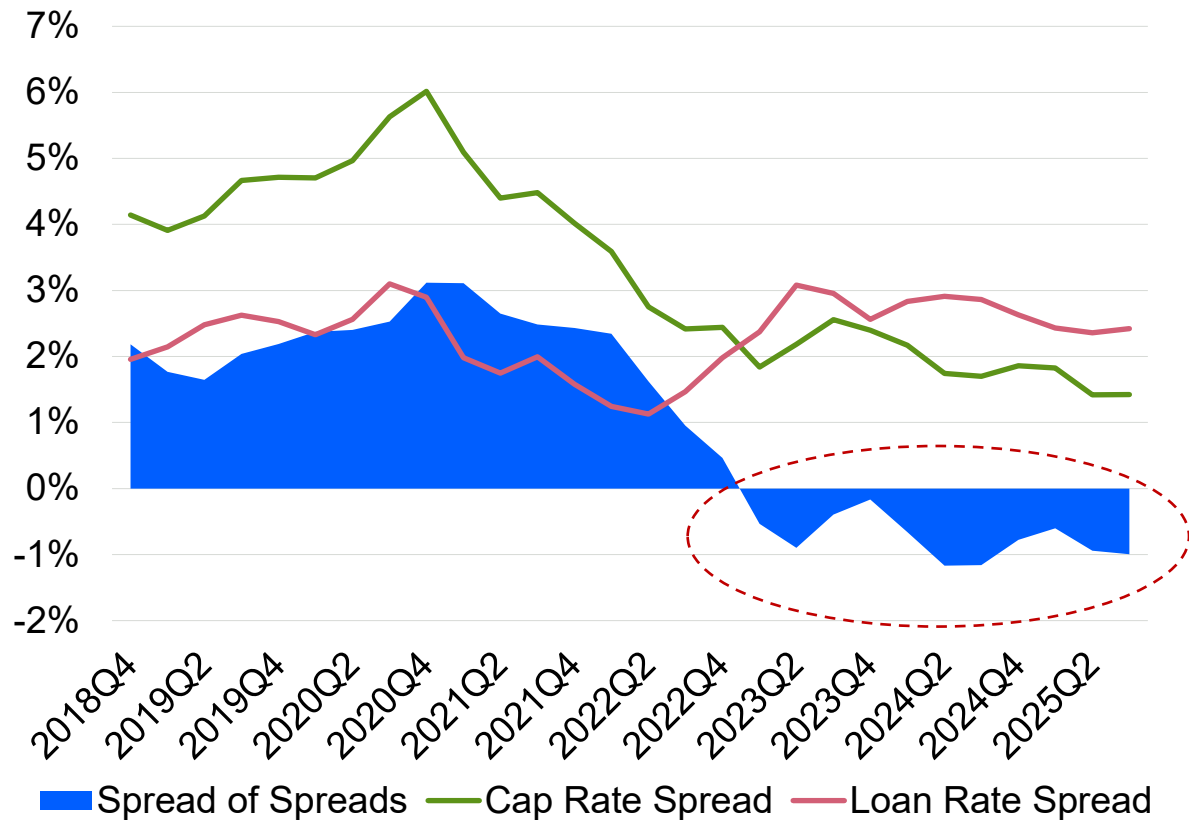


Excess demand is defined as net absorption less total completions on a rolling 12-mo basis divided by inventory.

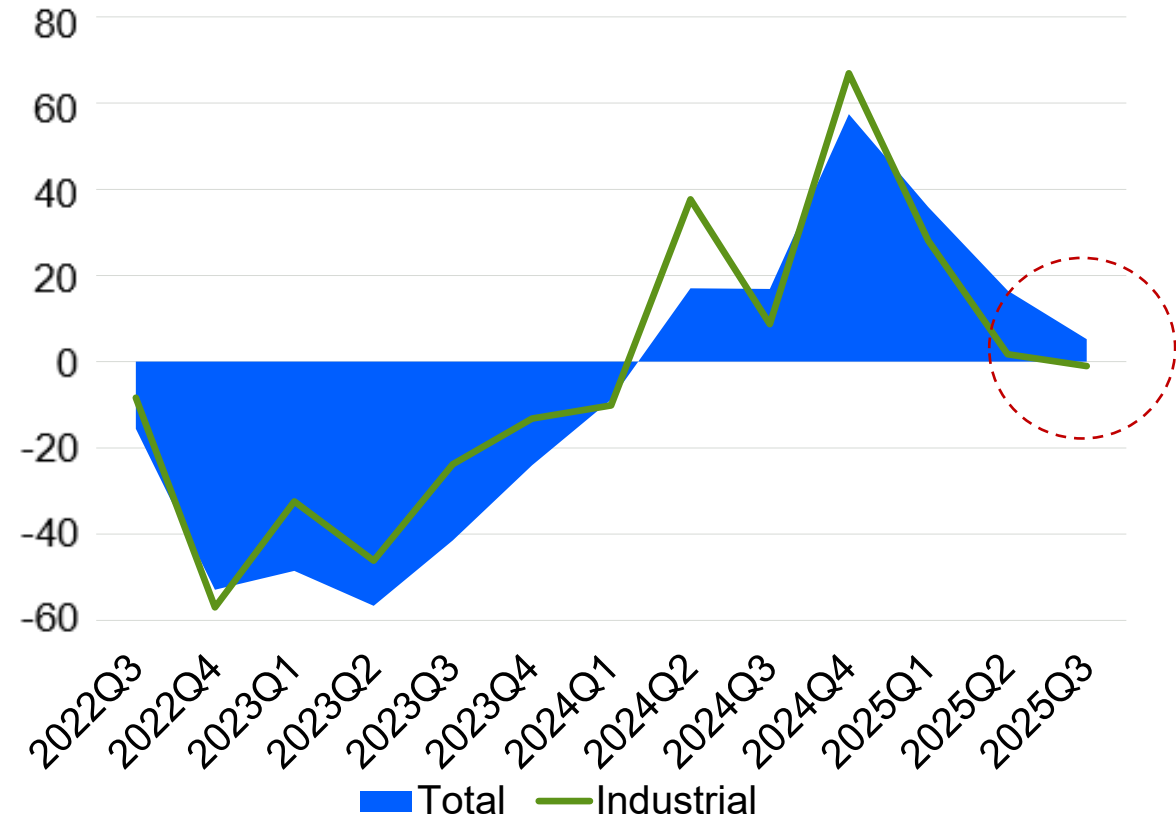
Source: Moody's Analytics

Industrial Remains a Darling, but Pricing Margins Are Razor Thin

Industrial cap rate and loan interest rate spreads



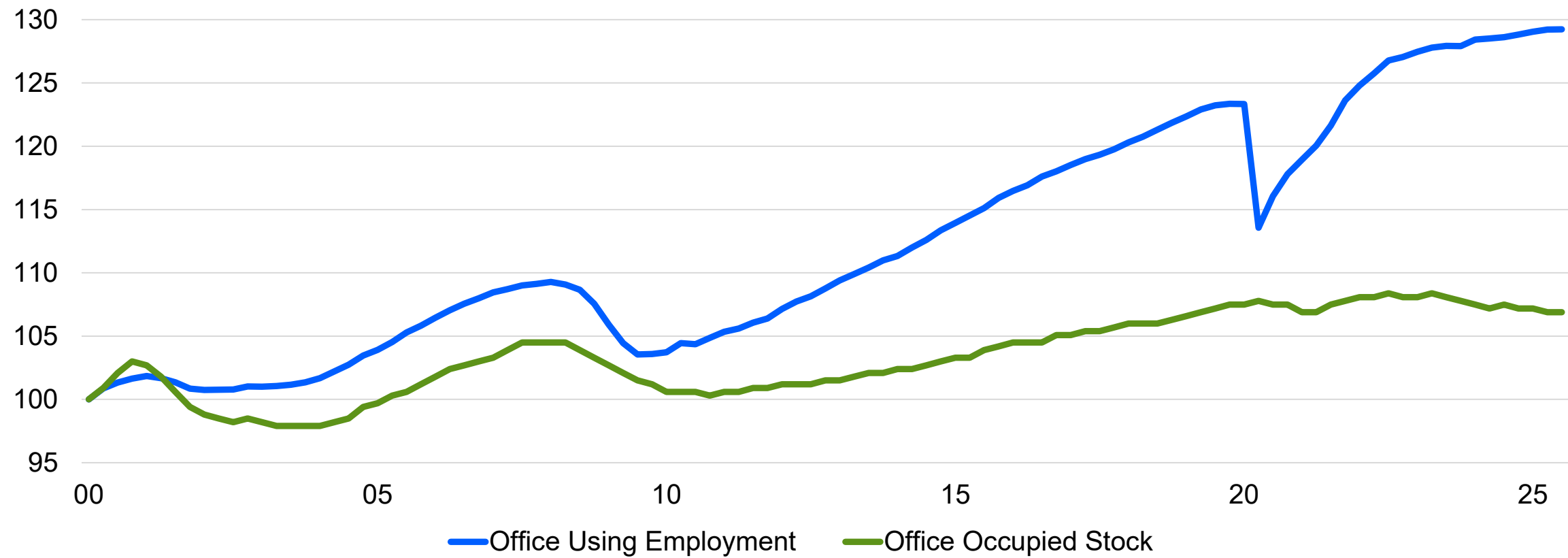
Sales volume growth, % y/y



Sources: Federal Reserve, Moody's Analytics

Office Struggles Are Nothing New

2000=100



Source: Moody's Analytics

Office Market Performance

Change in leased space over a 5-yr period (2020Q3 to 2025Q3)

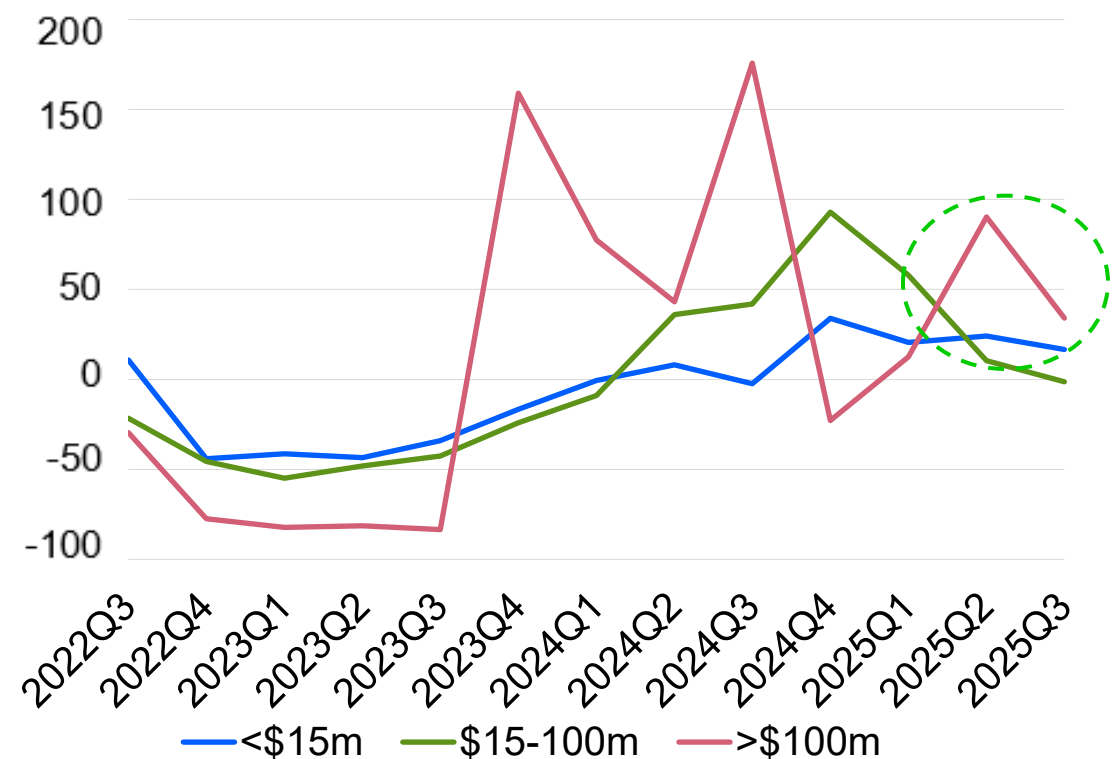
Top 10	
CRE Market	Occupied Stock (% change)
Nashville	12%
Dayton OH	10%
Wichita KS	9%
Miami	8%
Lexington KY	7%
Knoxville TN	7%
Atlanta	7%
Palm Beach FL	7%
Omaha NE	6%
Tucson AR	5%

Bottom 10	
CRE Market	Occupied Stock (% change)
Hartford CT	-4%
Oakland-East Bay CA	-4%
San Jose CA	-4%
St. Louis	-5%
Milwaukee	-5%
Tulsa OK	-6%
Chattanooga TN	-6%
Denver	-7%
Portland OR	-8%
San Francisco	-13%

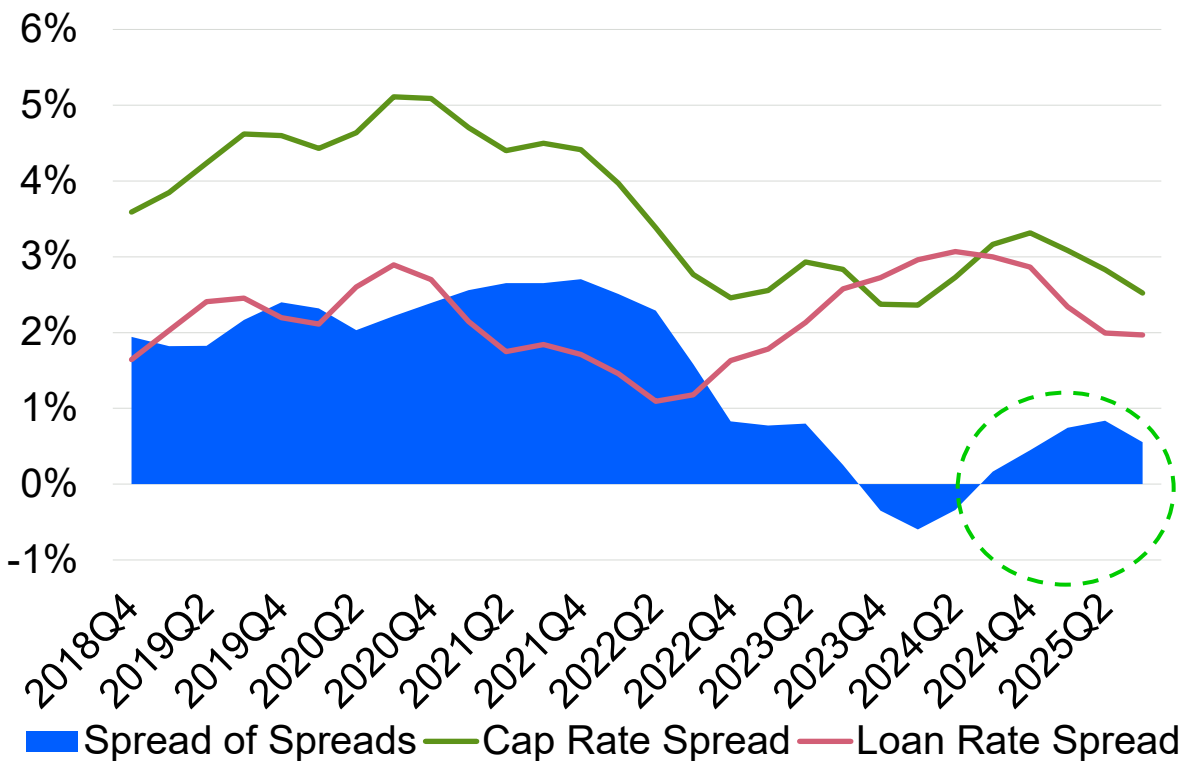
Source: Moody's Analytics

Segments of Performing Office Drive Nascent Recovery

Sales volume growth, % y/y



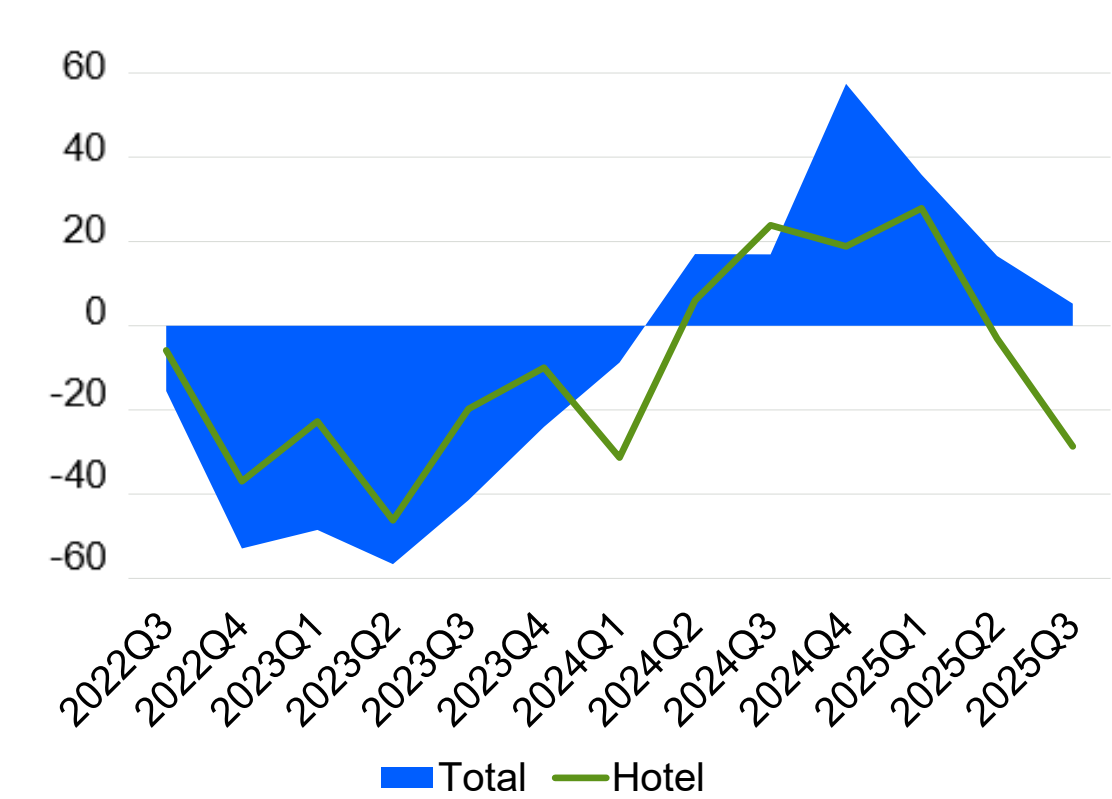
Office cap rate and loan interest rate spreads



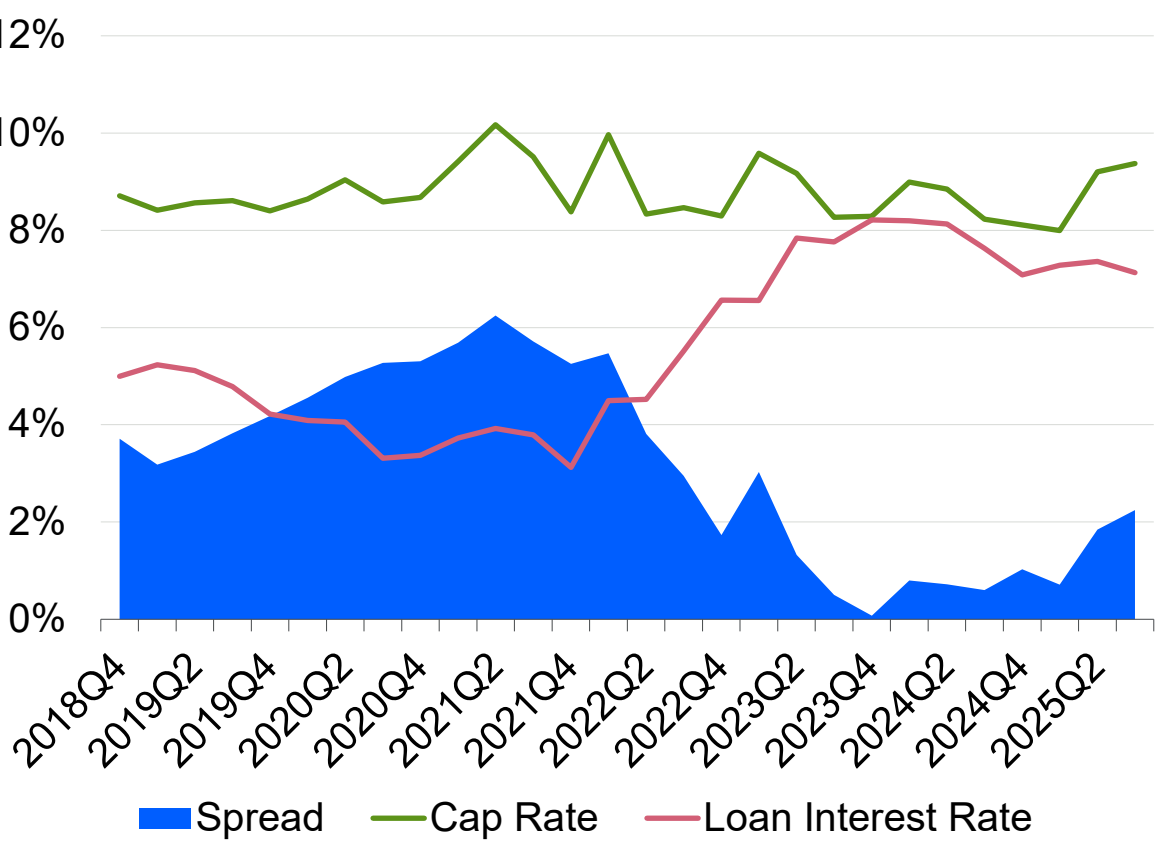
Source: Moody's Analytics

Investors and Lenders Feeling Shaky on Procyclical Hotel Sector

Sales volume growth, % y/y



Hotel cap rate and loan interest rate spreads



Source: Moody's Analytics

MOODY'S

Thank you

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