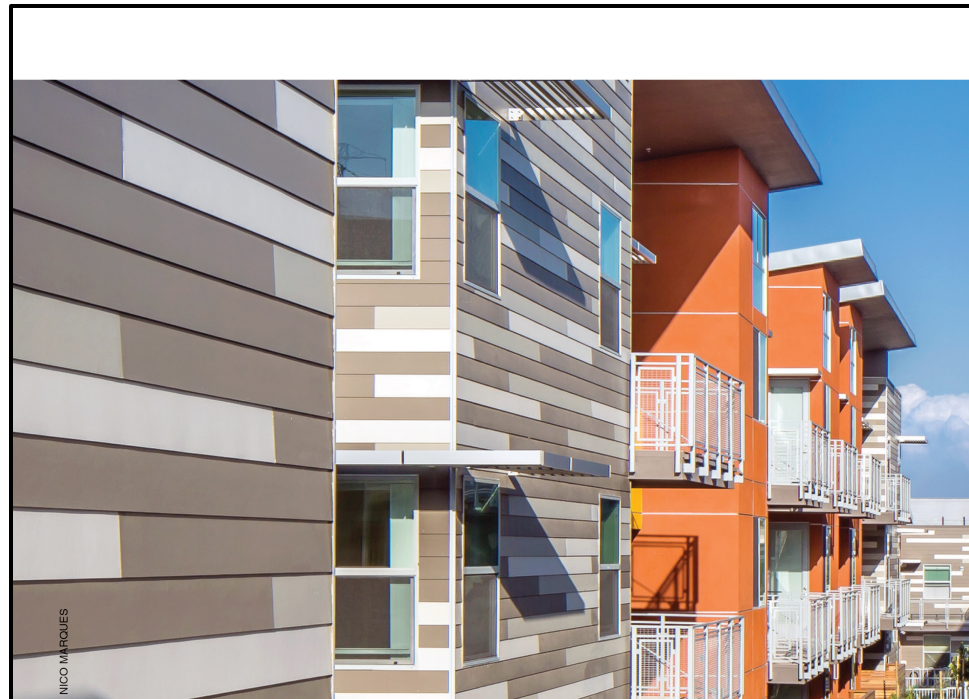


Emerging Trends in Real Estate 2017

Playing for
Advantage,
Guarding the
Flank



- PwC – ULI
- Outlook on Trends
- 38th
- 500/1,500
- Who?
- A record total
- ULI Charlotte –Thank You!



Emerging Trends in Real Estate®

United States and Canada 2017



- Rational
- Opportunities
- Competitive



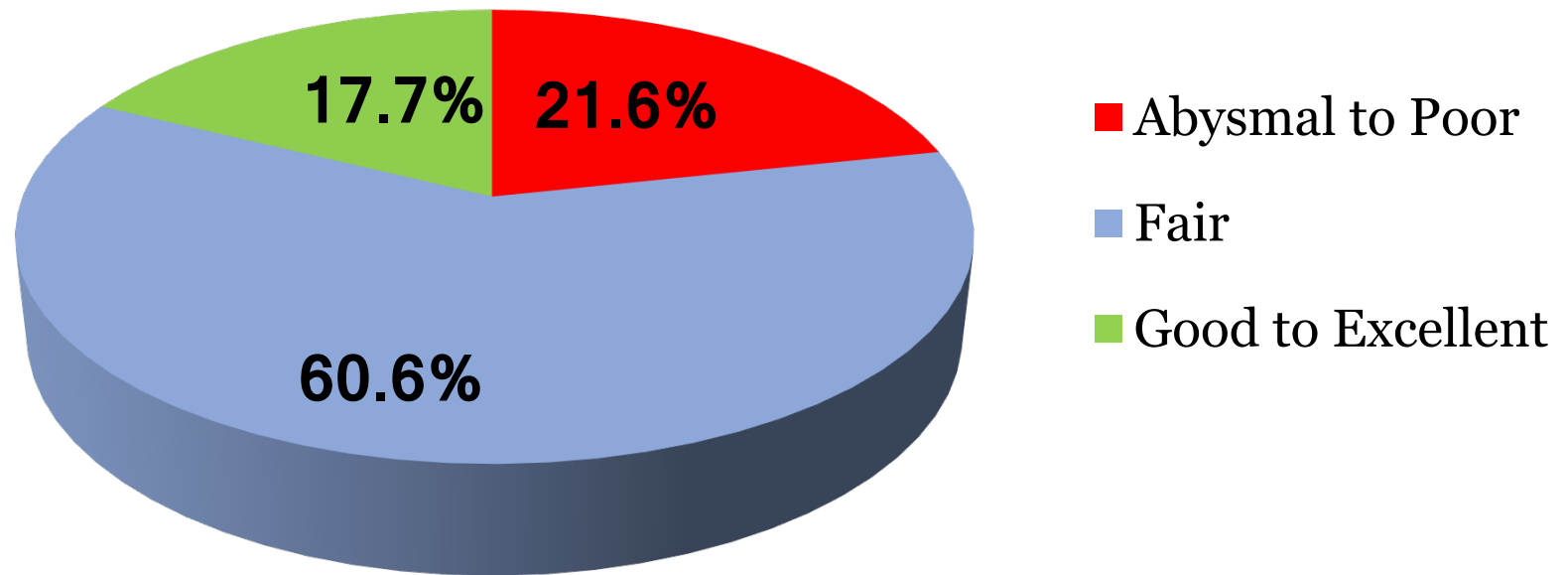


How would you characterize the expected profitability of your real estate business in 2017?

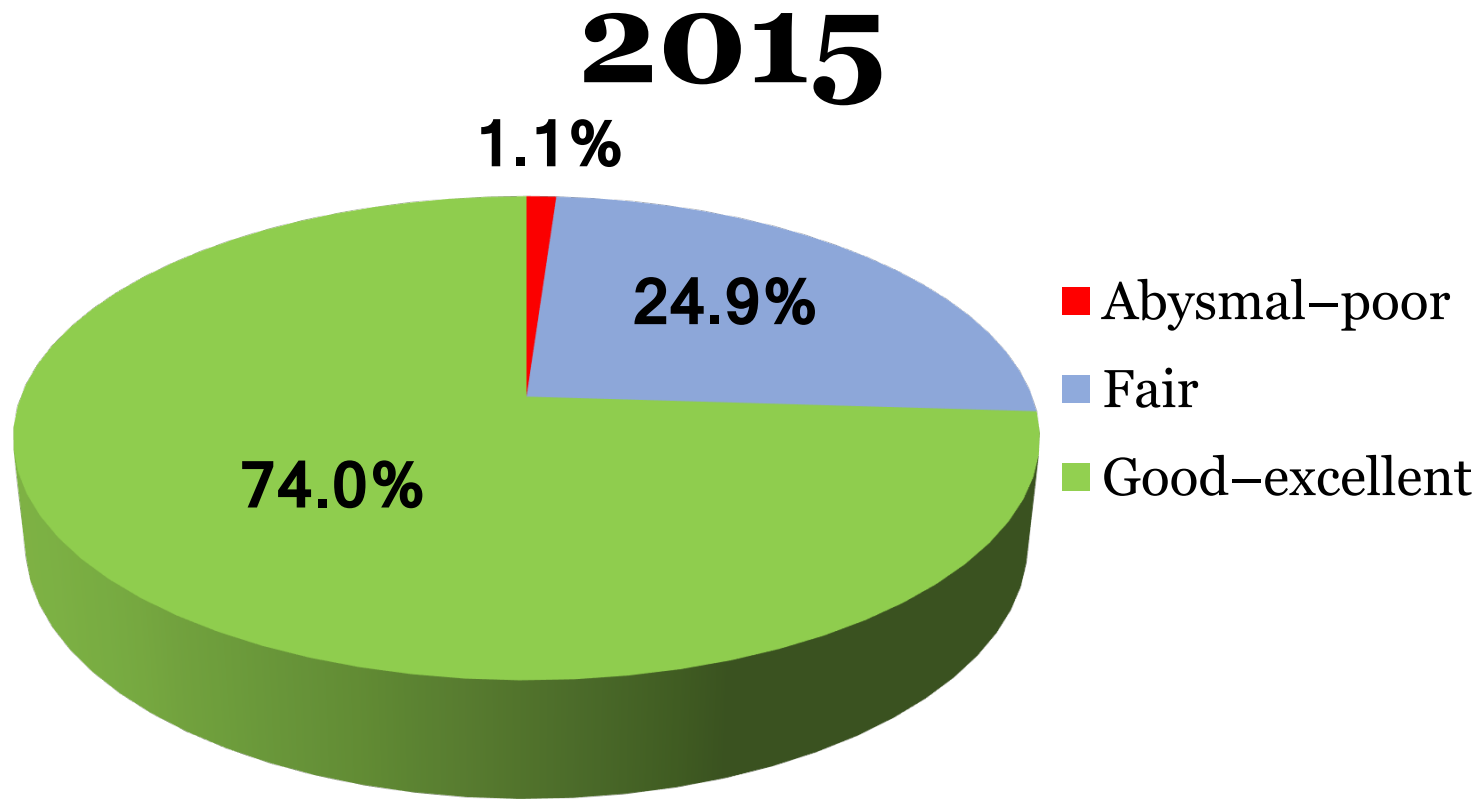
- A. Good-Excellent
- B. Fair
- C. Abysmal-Poor

Profitability Outlook

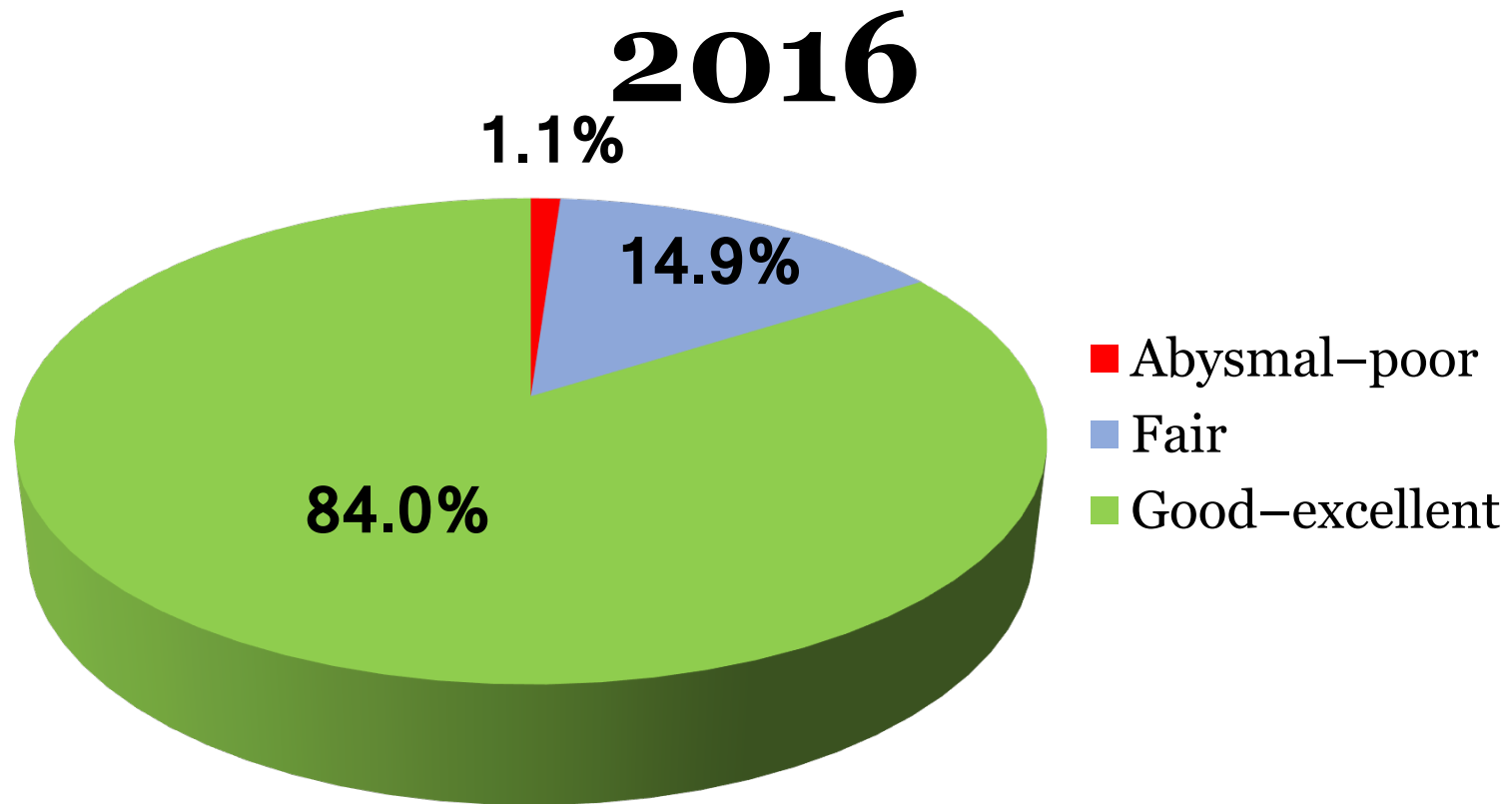
2010



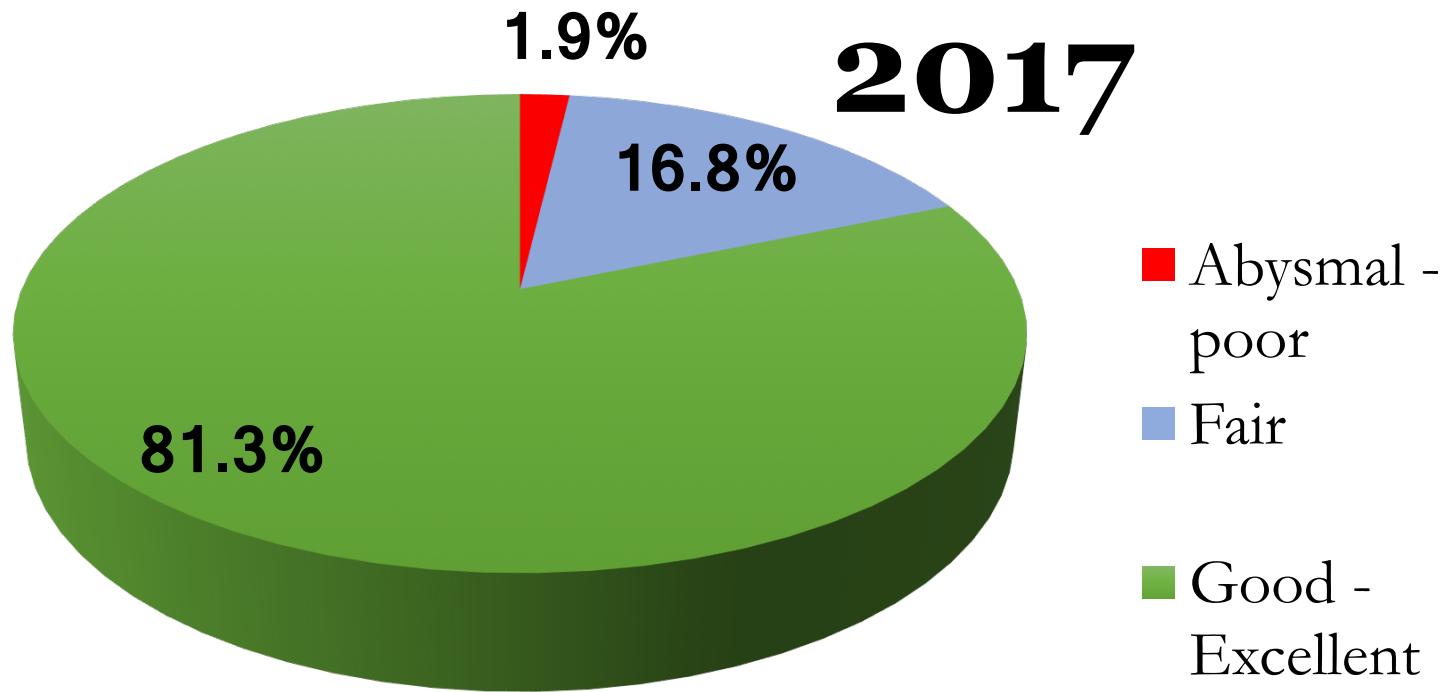
Profitability Outlook



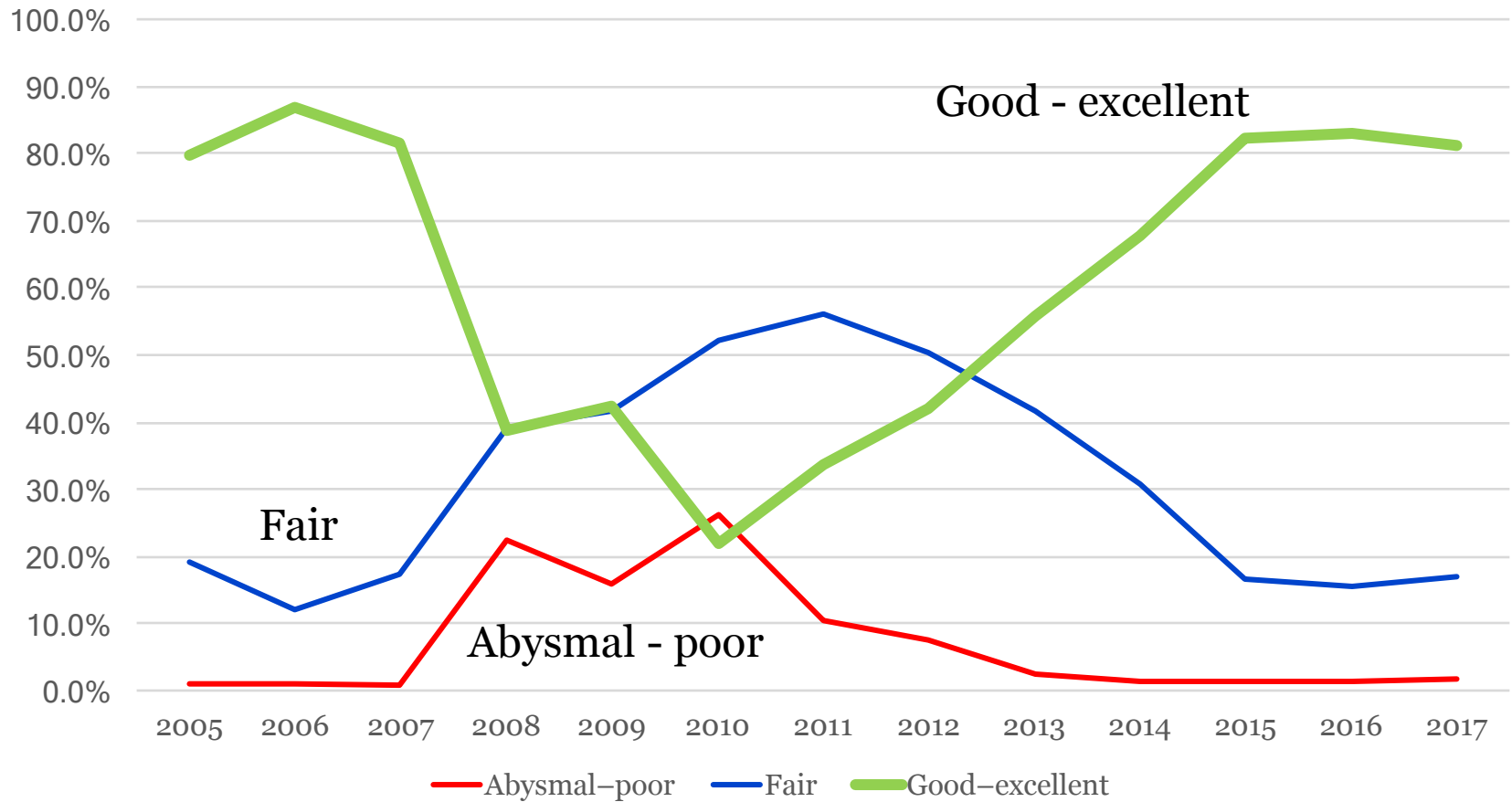
Profitability Outlook



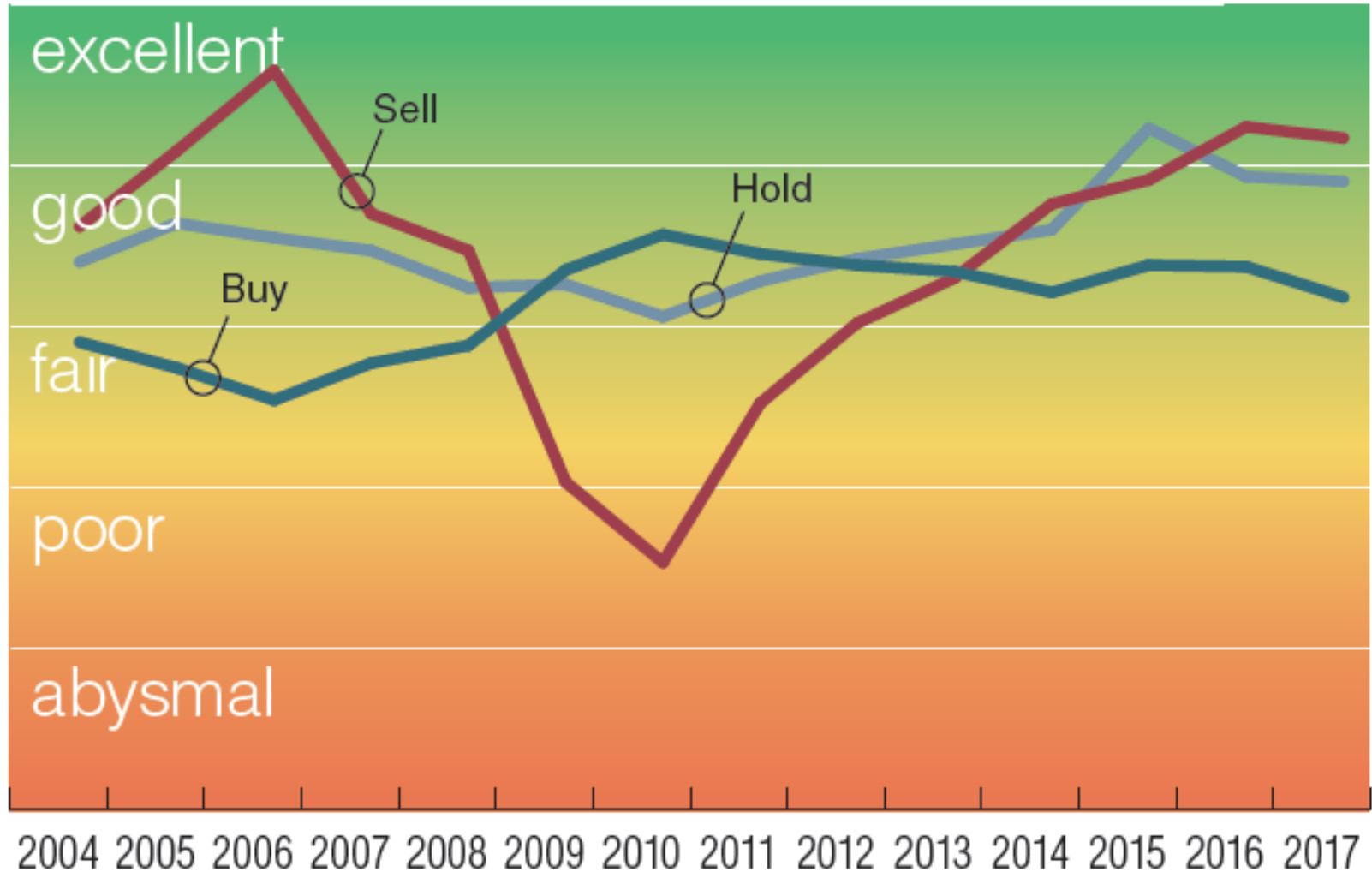
Profitability Outlook



Expectations Hitting a Plateau?



Buy, Hold, Sell



How would you describe the 2017 real estate market? Here is what 900 respondents said



Emerging Trends in 2017

***A Kinder Gentler
Real Estate Cycle?***

***Optionality:
the new Flexibility***

***Labor Scarcity reflected
in Construction Costs***

***Housing affordability:
Local Government
Steps Up***

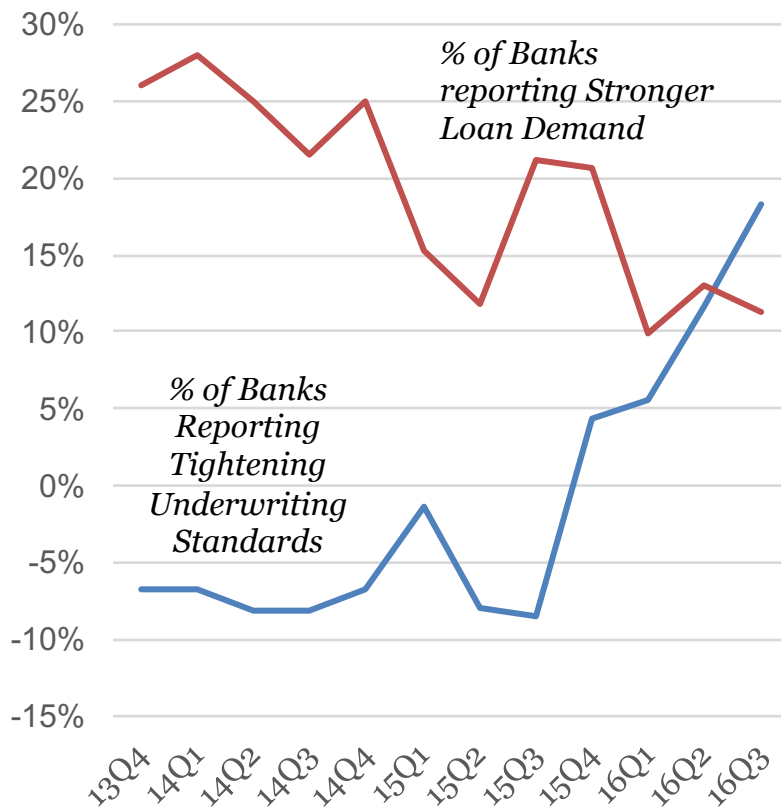




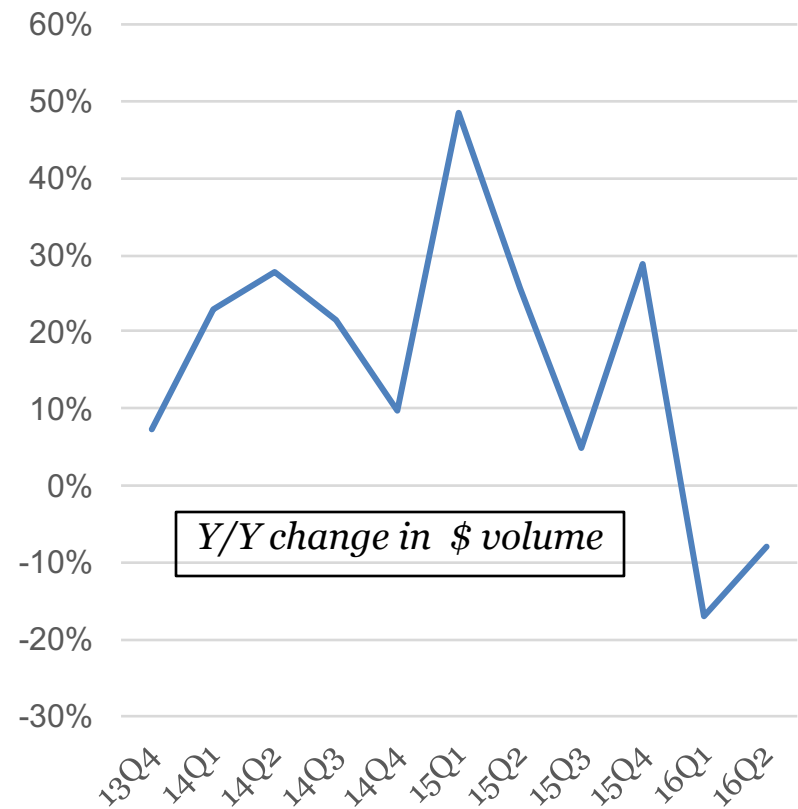
A Kinder, Gentler Real Estate Cycle?

Market Begins to Moderate on its Own

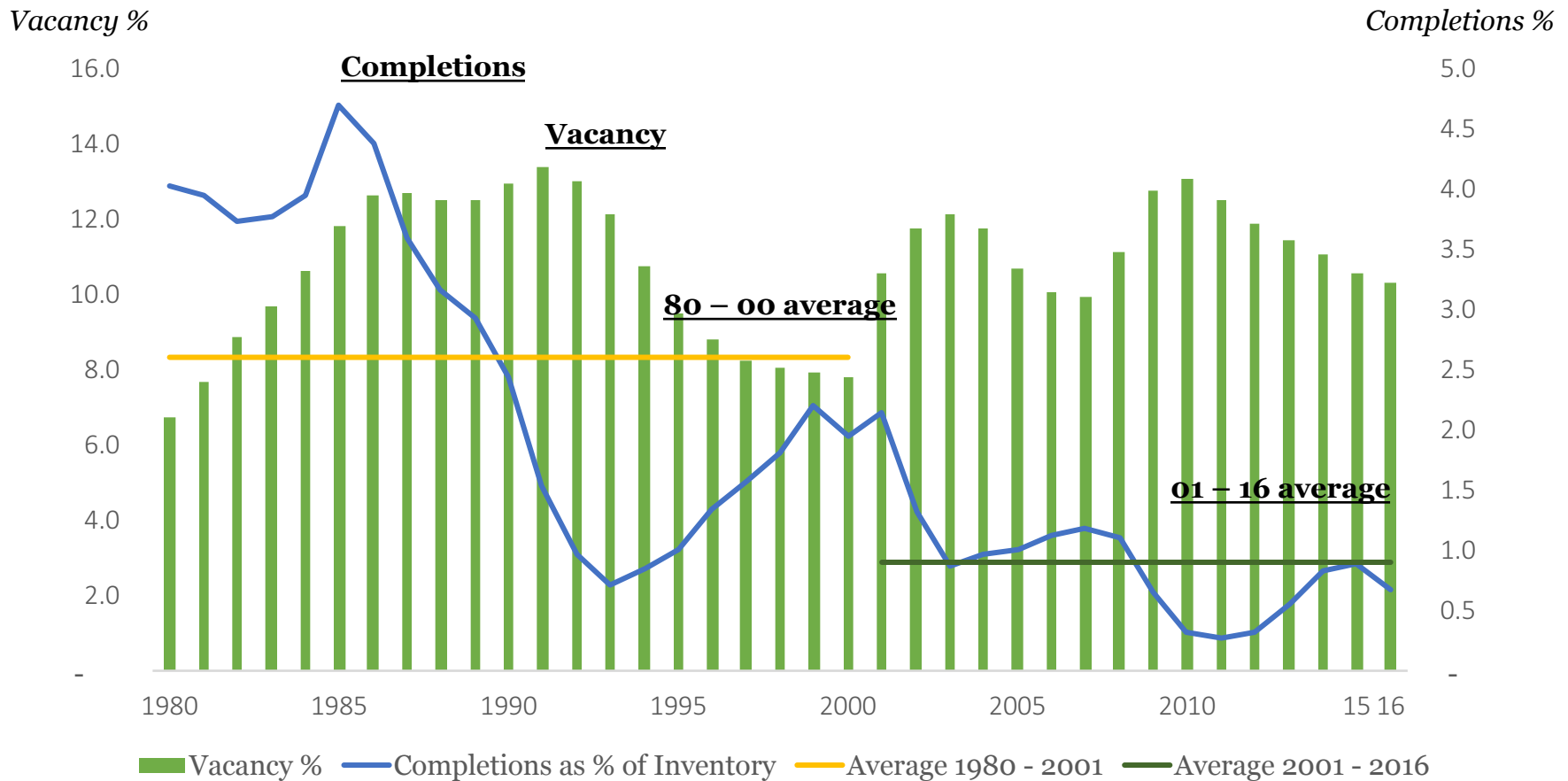
Banks and CRE Lending



CRE Transaction Volume



Where is the new commercial supply?



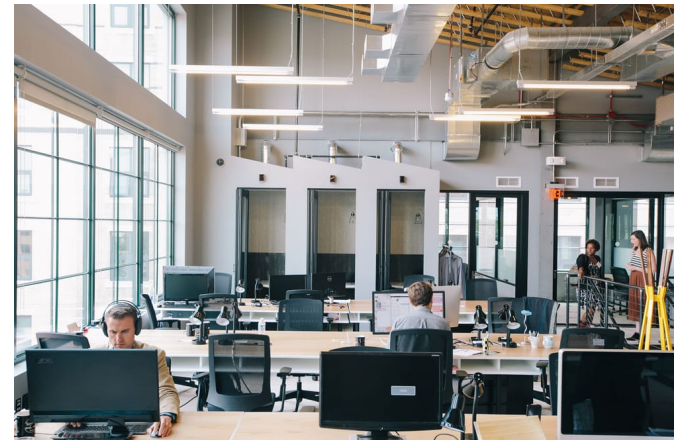
Is the real estate market autocorrecting?





Optionality: the New Flexibility

... Not just one user profile



... At the same time, not just one use

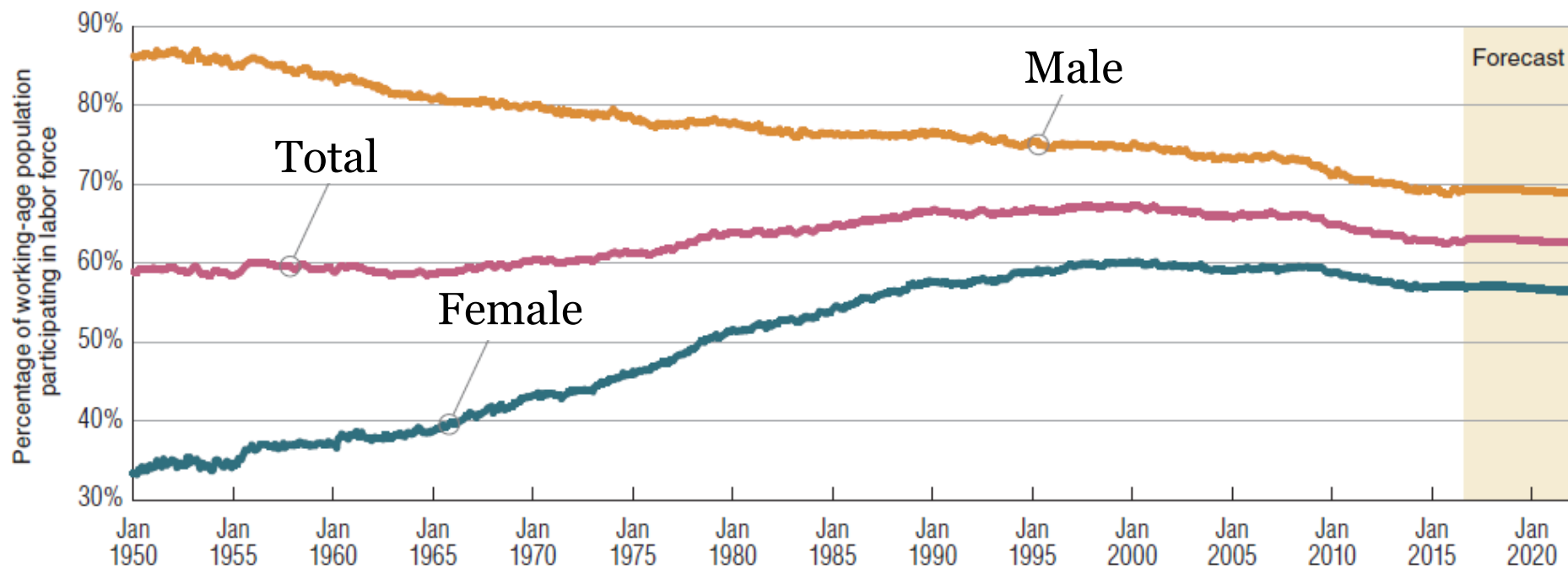
E(verything)-loft





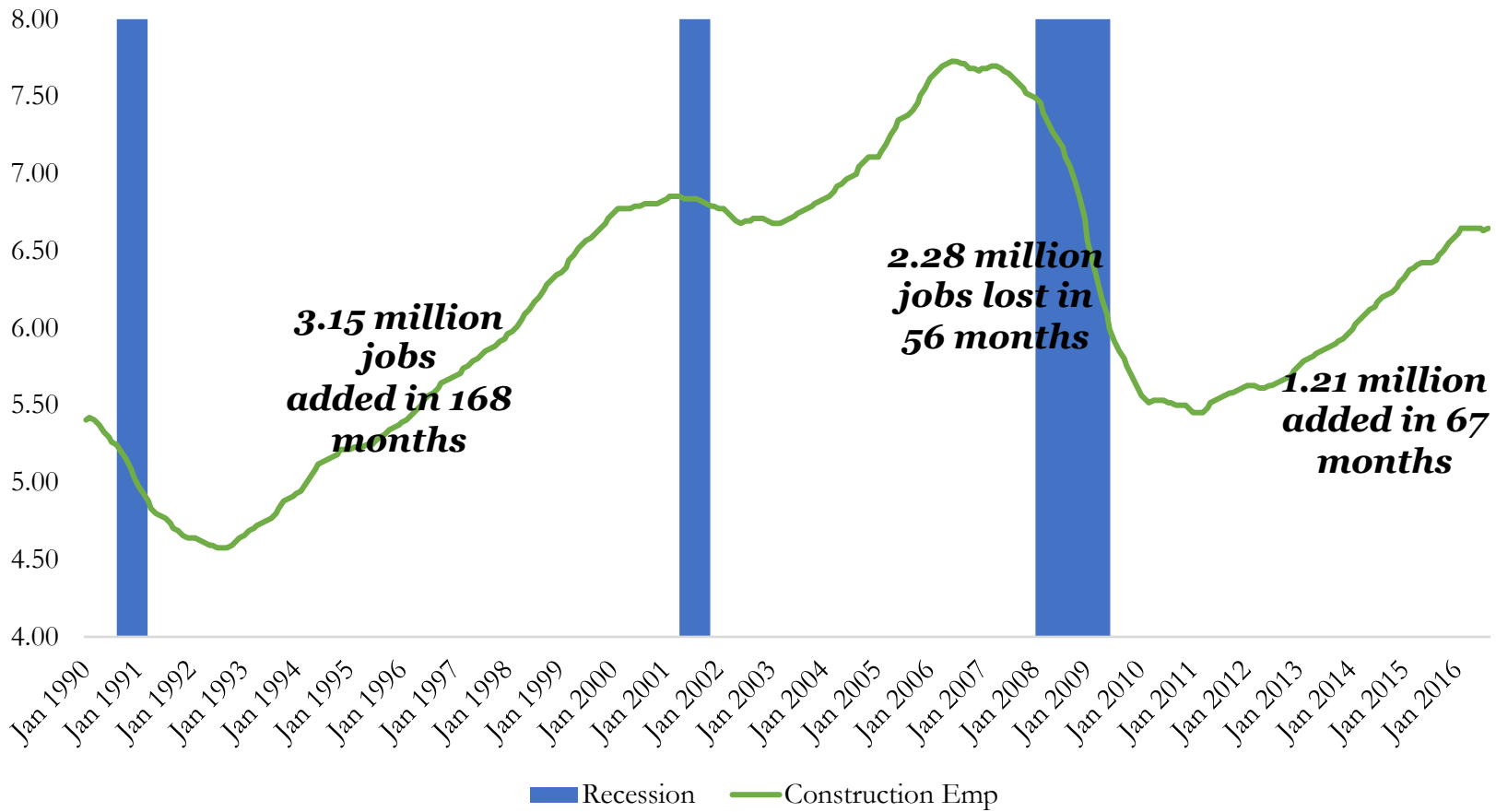
Labor Scarcity reflected in Construction Costs

Declining Labor Force Participation Rate



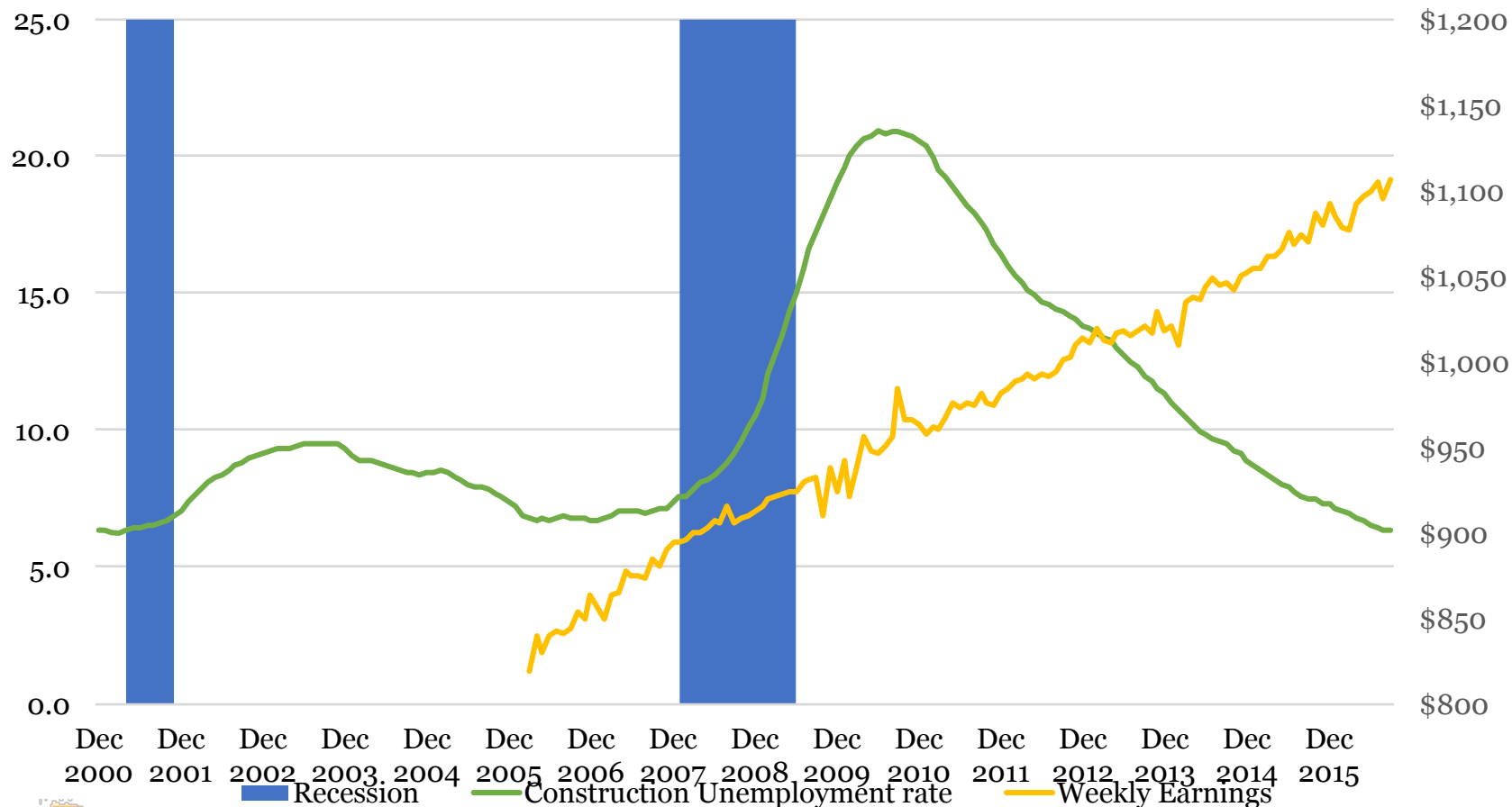
Sources: U.S. Bureau of Labor Statistics, "Current Population Survey"; Moody's Analytics forecasts.

Construction employment volatility



Construction labor gets hard to find

12-Month moving
average %



So what is the solution?



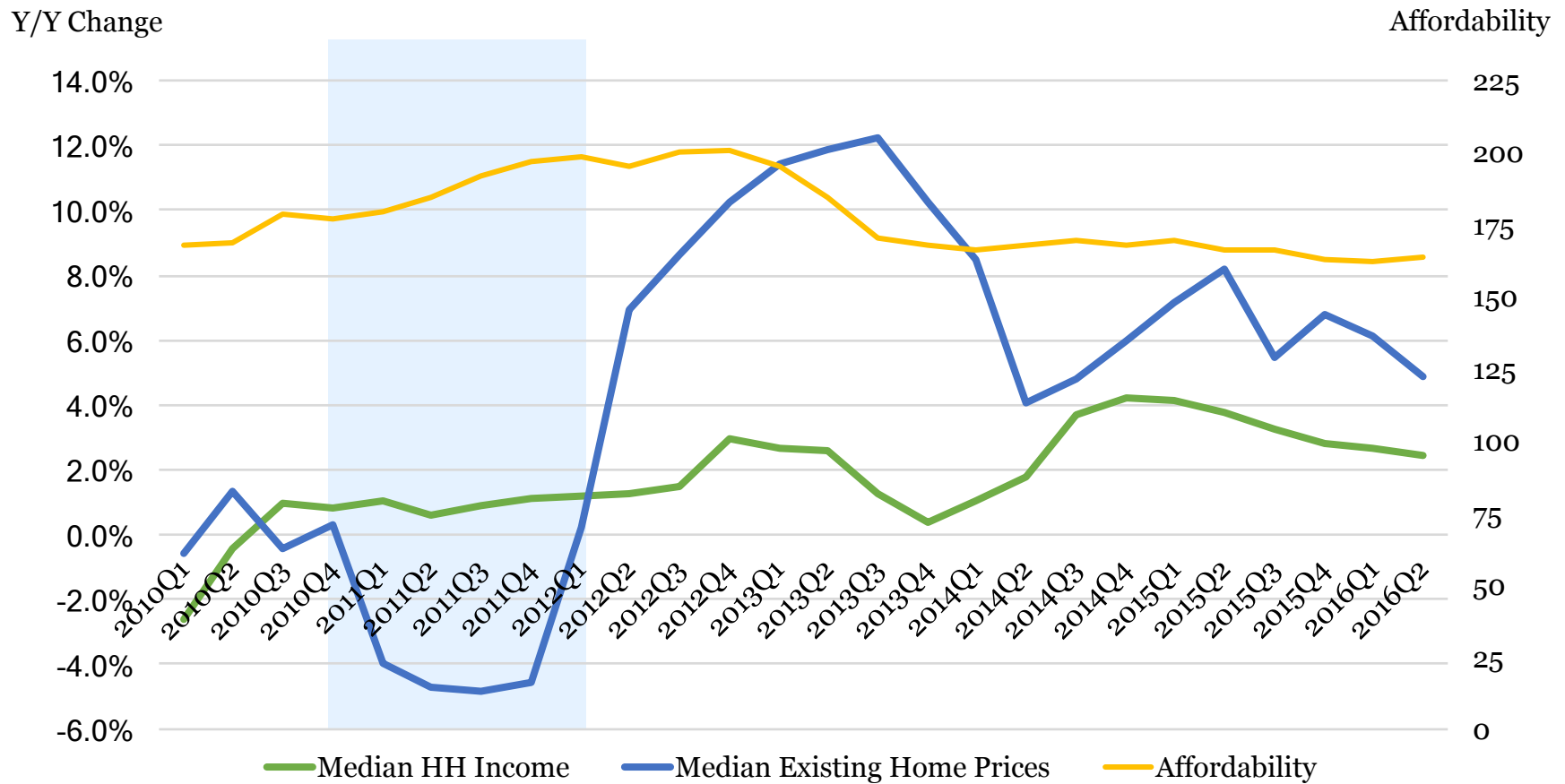
2017 potential best bet

***Take advantage of
enhancements in
construction
technology***

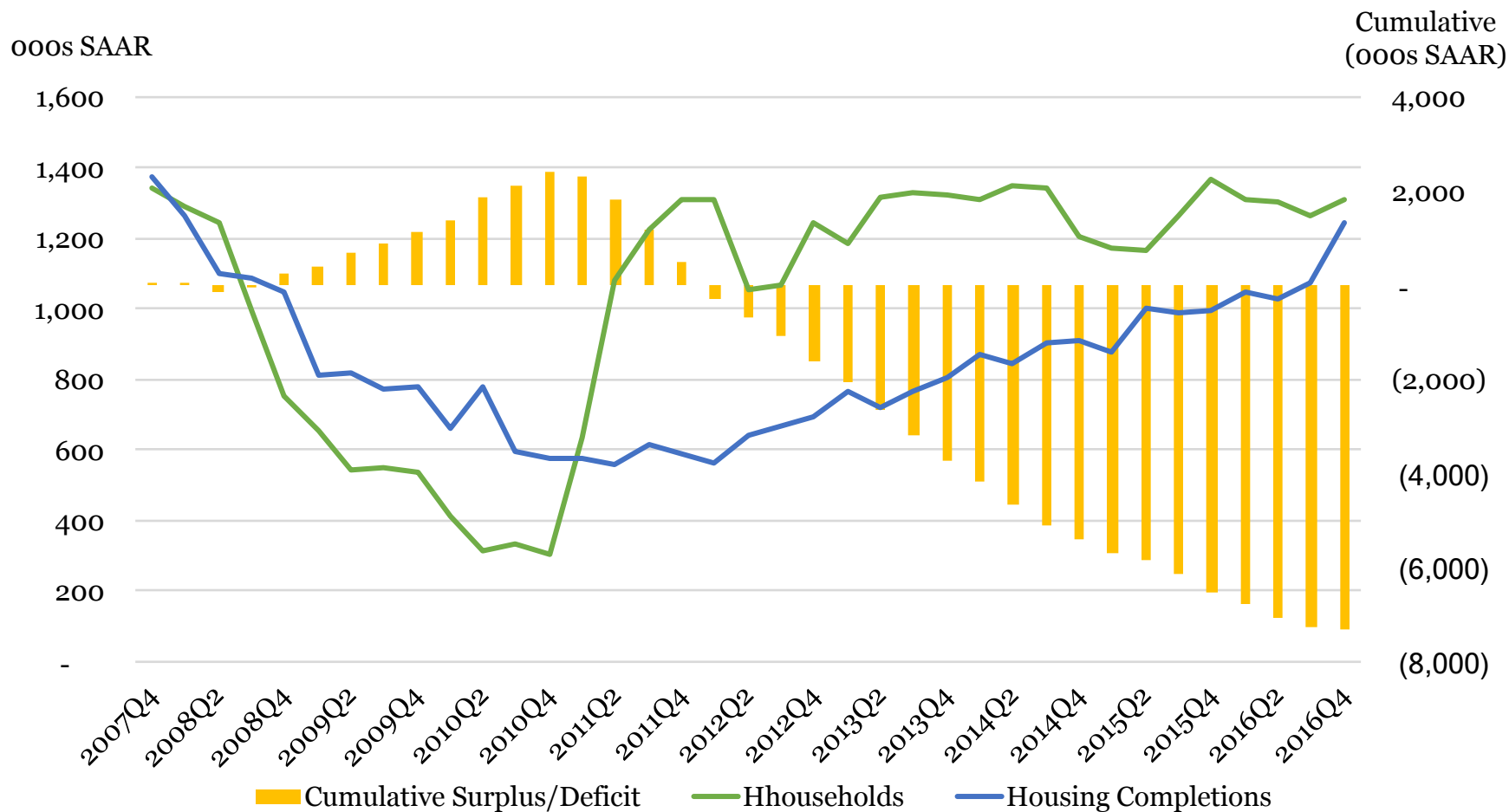


Housing Affordability: Local Government Steps Up

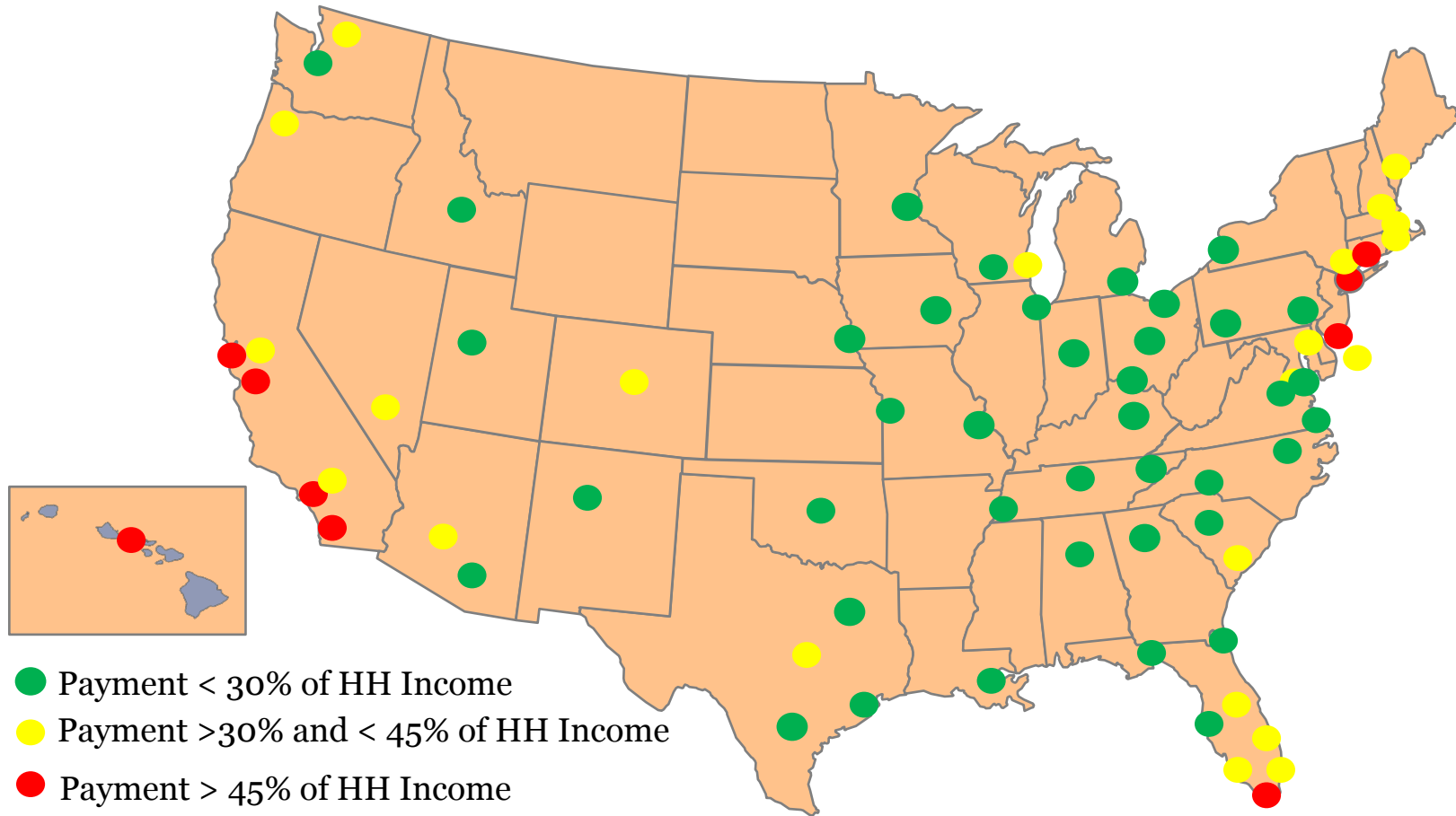
Income growth just can't keep up with existing home prices



Shortage of homes will make it difficult for affordability to see significant improvement

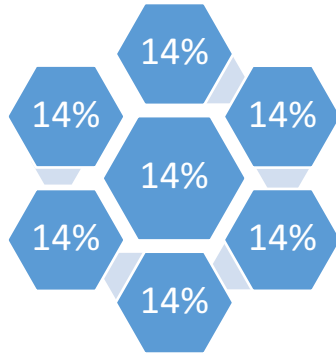


Housing costs are an increasing burden in more markets



So what is the solution?

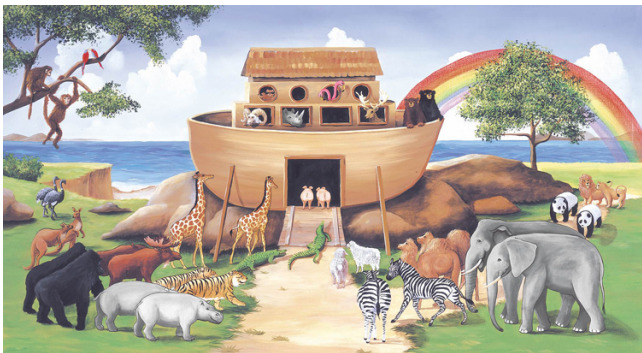
- **No one solution**



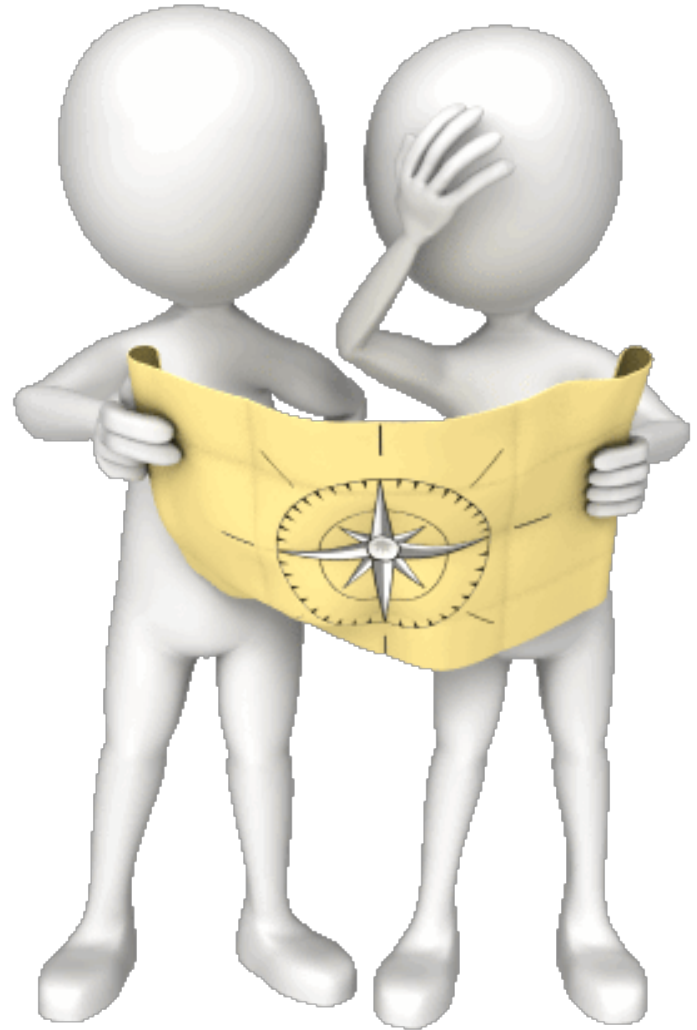
- **Local government:**

- **Rediscoveries**

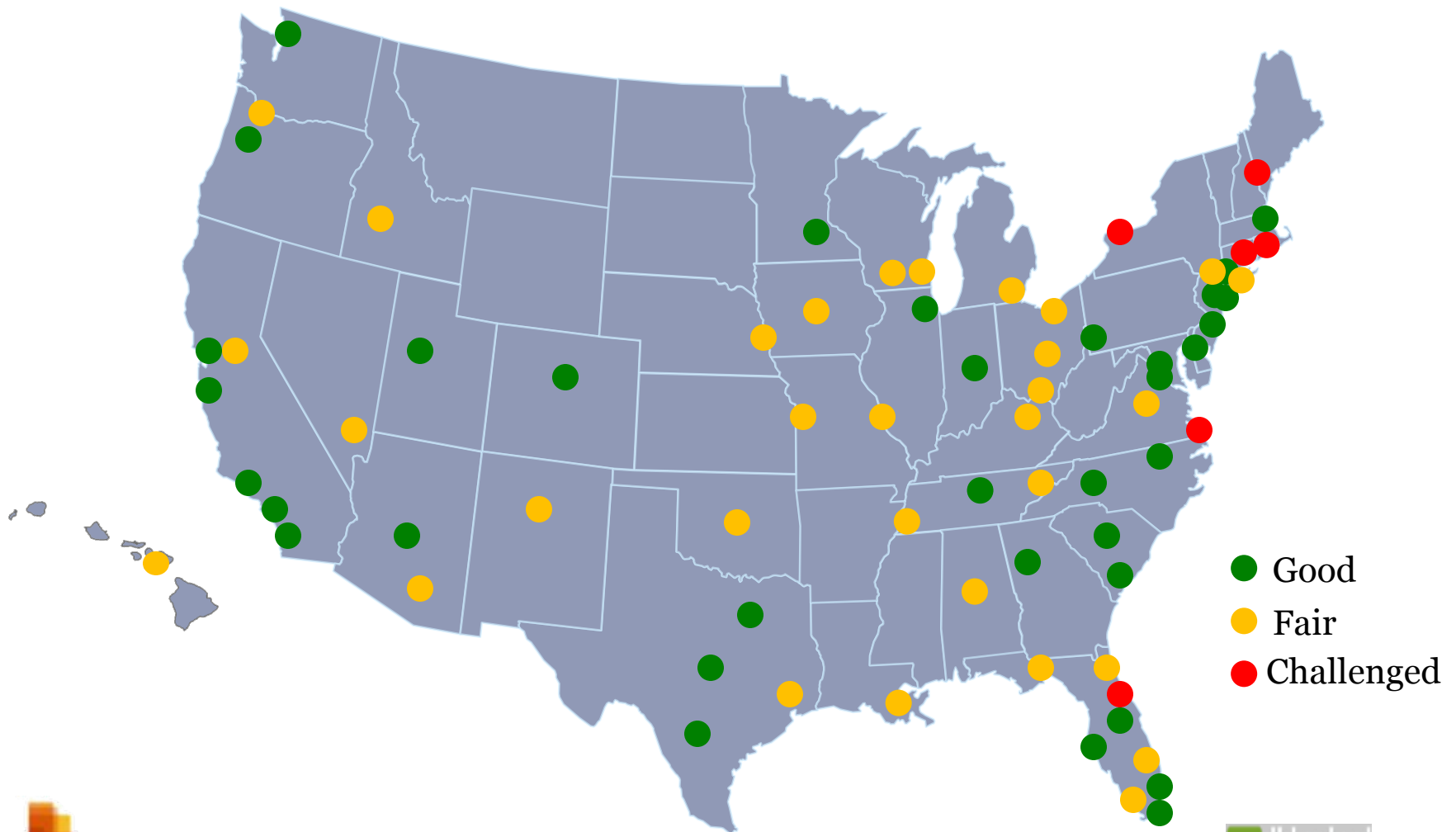
- **Innovations with NOAH**



Markets to watch



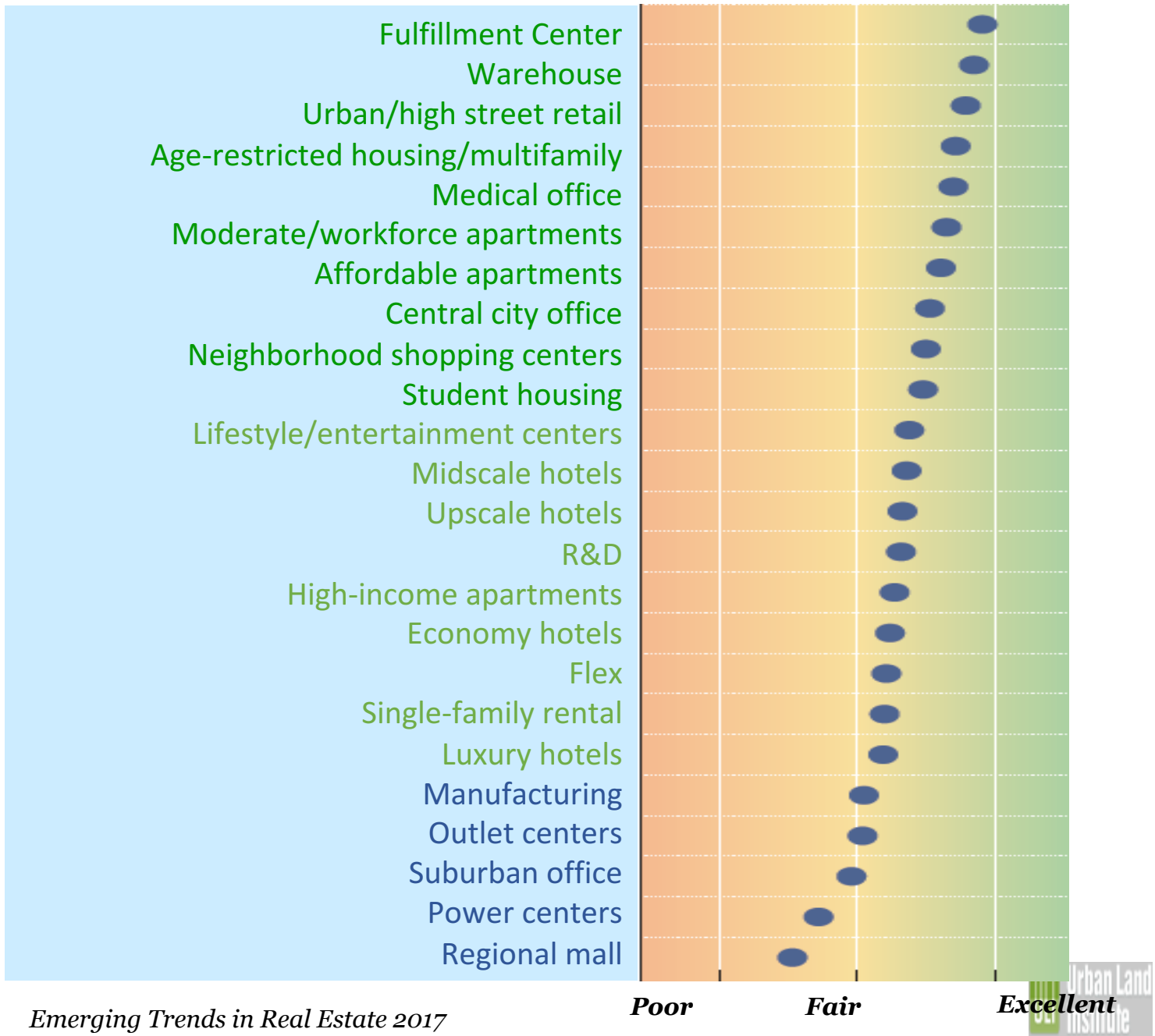
A Story In Every Market



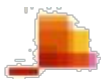
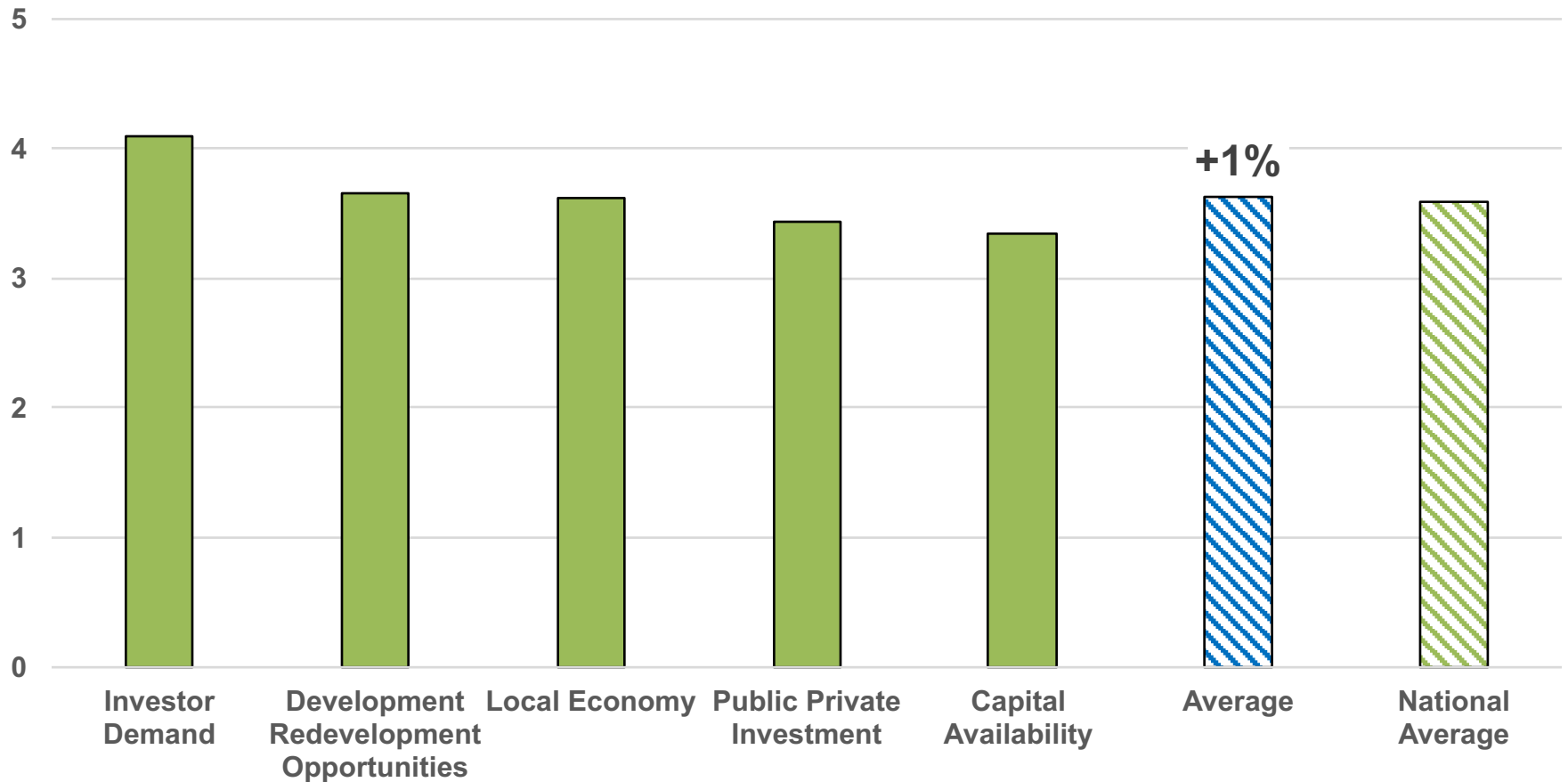
The Top 10

2016	2017	Market	Classification
2	1	Austin	18 - Hour
1	2	Dallas/Fort Worth	18 - Hour
9	3	Portland	18 - Hour
4	4	Seattle	18 - Hour
10	5	Los Angeles	Gateway
7	6	Nashville	18-Hour
11	7	Raleigh/Durham	18-Hour/Suburban
14	8	Orange County	18-Hour/Suburban
3	9	Charlotte	18 - Hour
8	10	San Francisco	Gateway

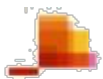
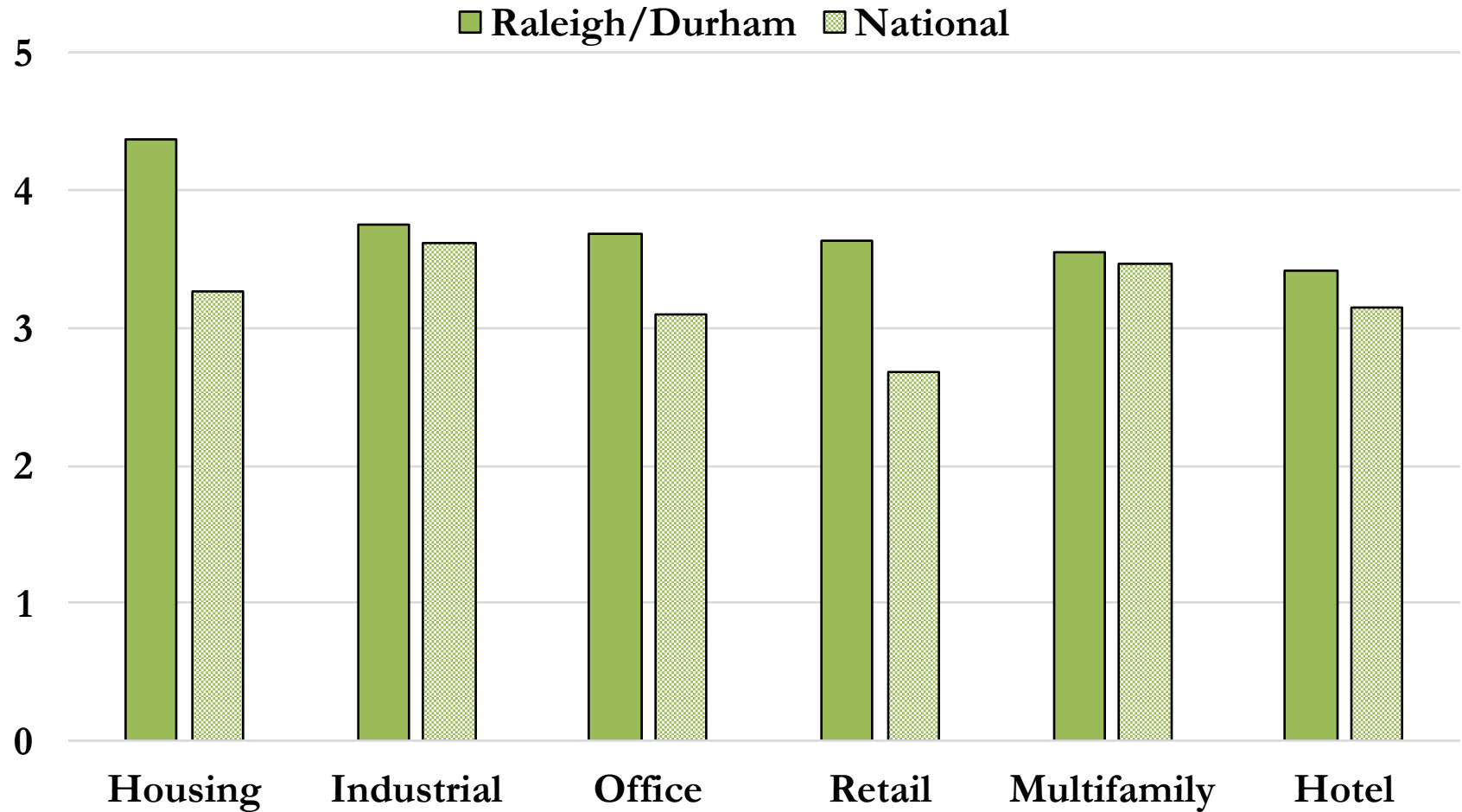
2017 Property Type Investment Outlook



2017 Local Outlook: Raleigh/Durham



2017 Sector Outlook: Raleigh/Durham





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uli.org/et17

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