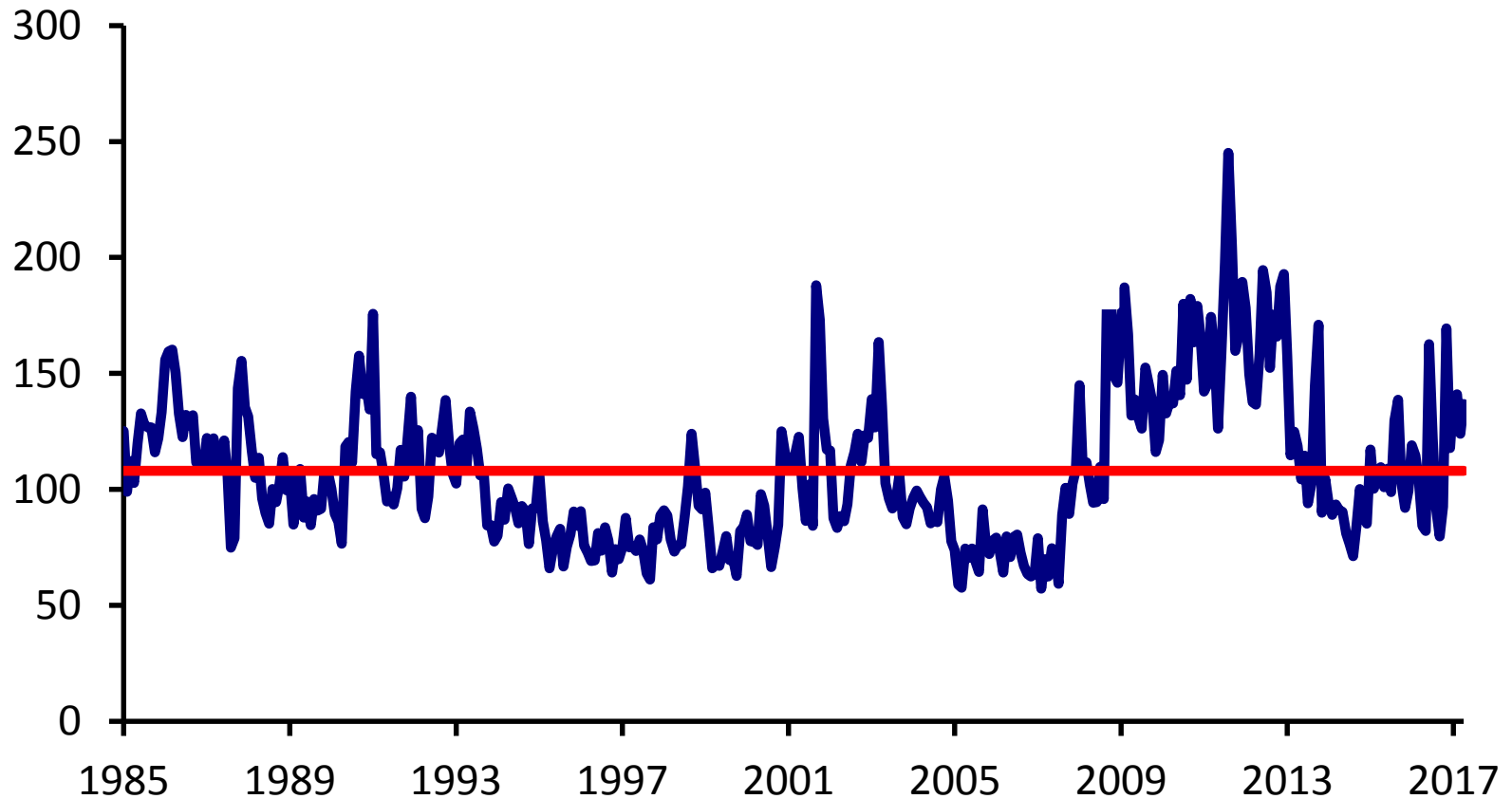




# **Linneman Associates Webinar**

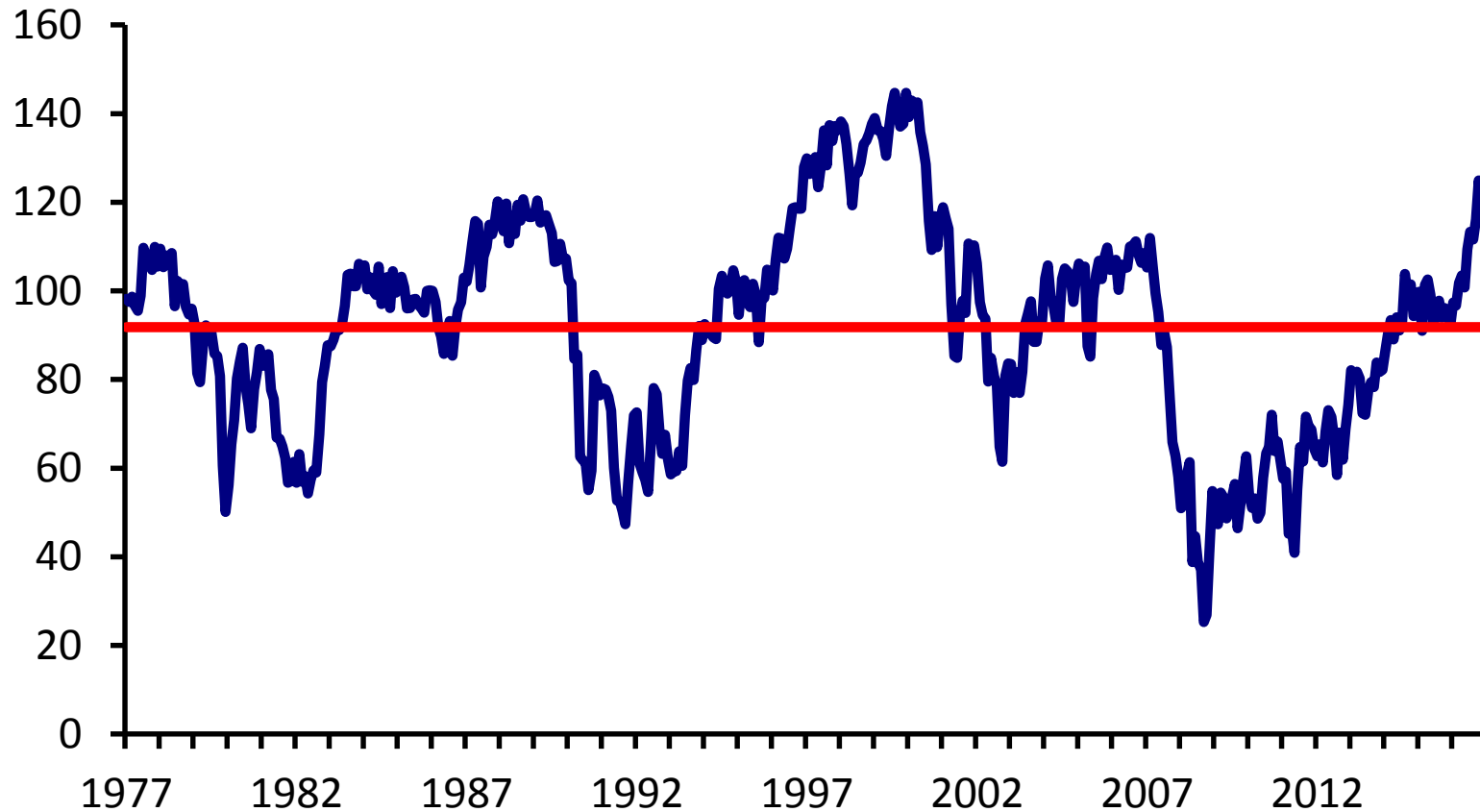
Dr. Peter Linneman  
Linneman Associates  
May 22, 2017

# Economic Policy Uncertainty Index: Election Jitters Continue



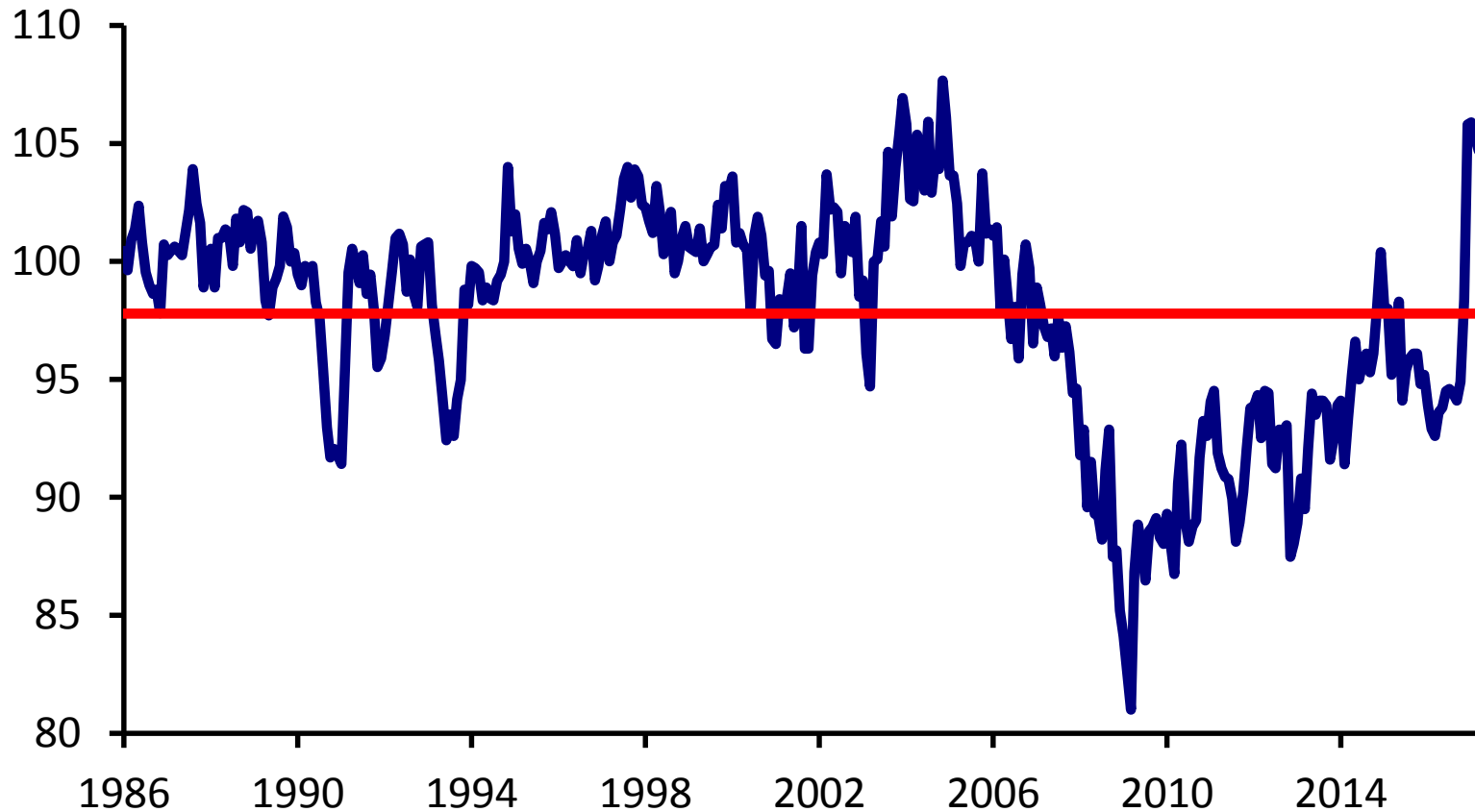
*Data points through April 2017*

# Consumer Confidence Index: Big Post-Election Pop



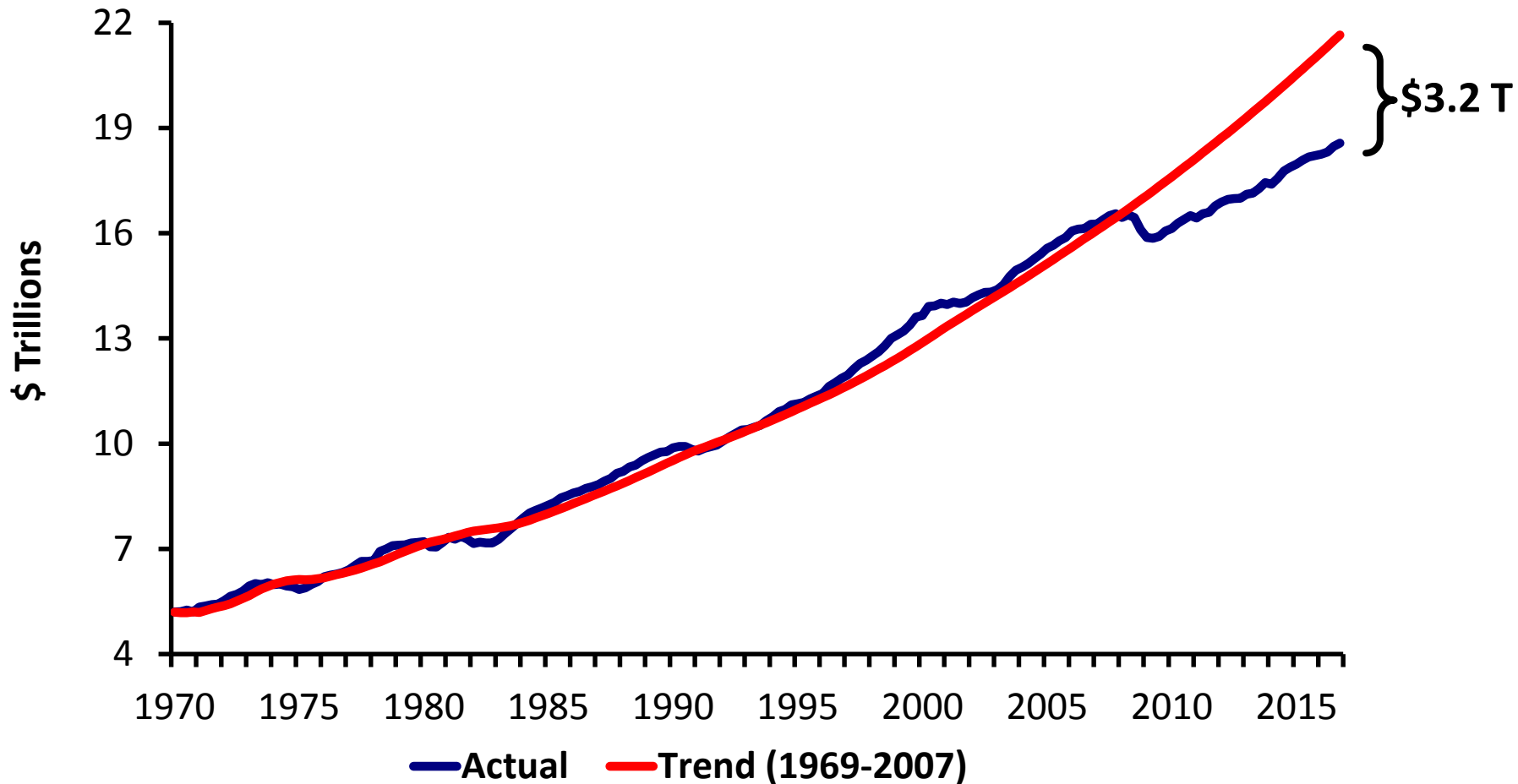
*Data points through April 2017*

# Small Business Optimism Index: Soared Post-Election



*Data points through March 2017*

# Actual vs. Trend Real GDP: A Huge Gap Due To SF Housing



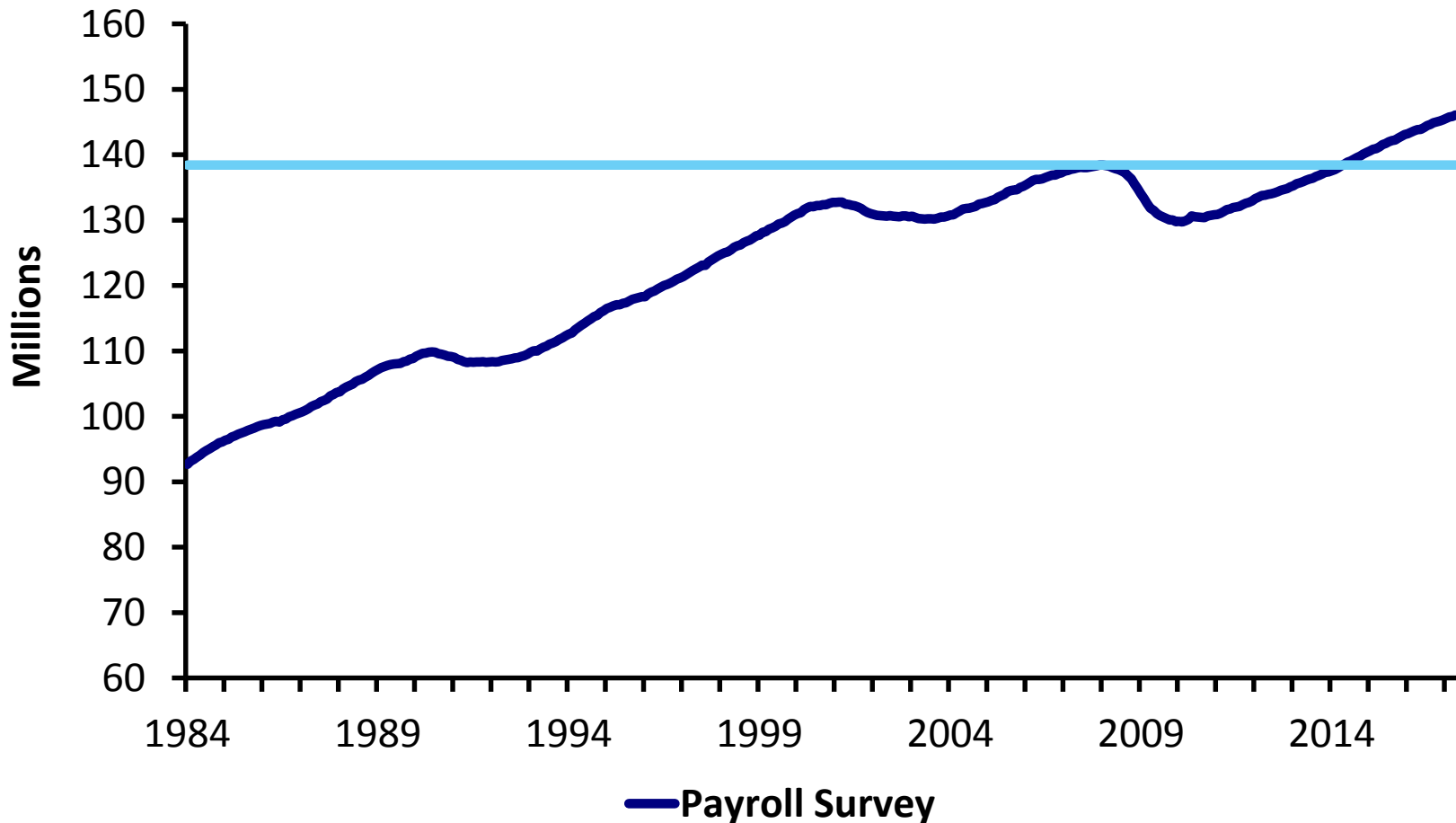
Data points through 1Q 2017

# New Federal Restrictions Per Annum: Growth Inhibitors

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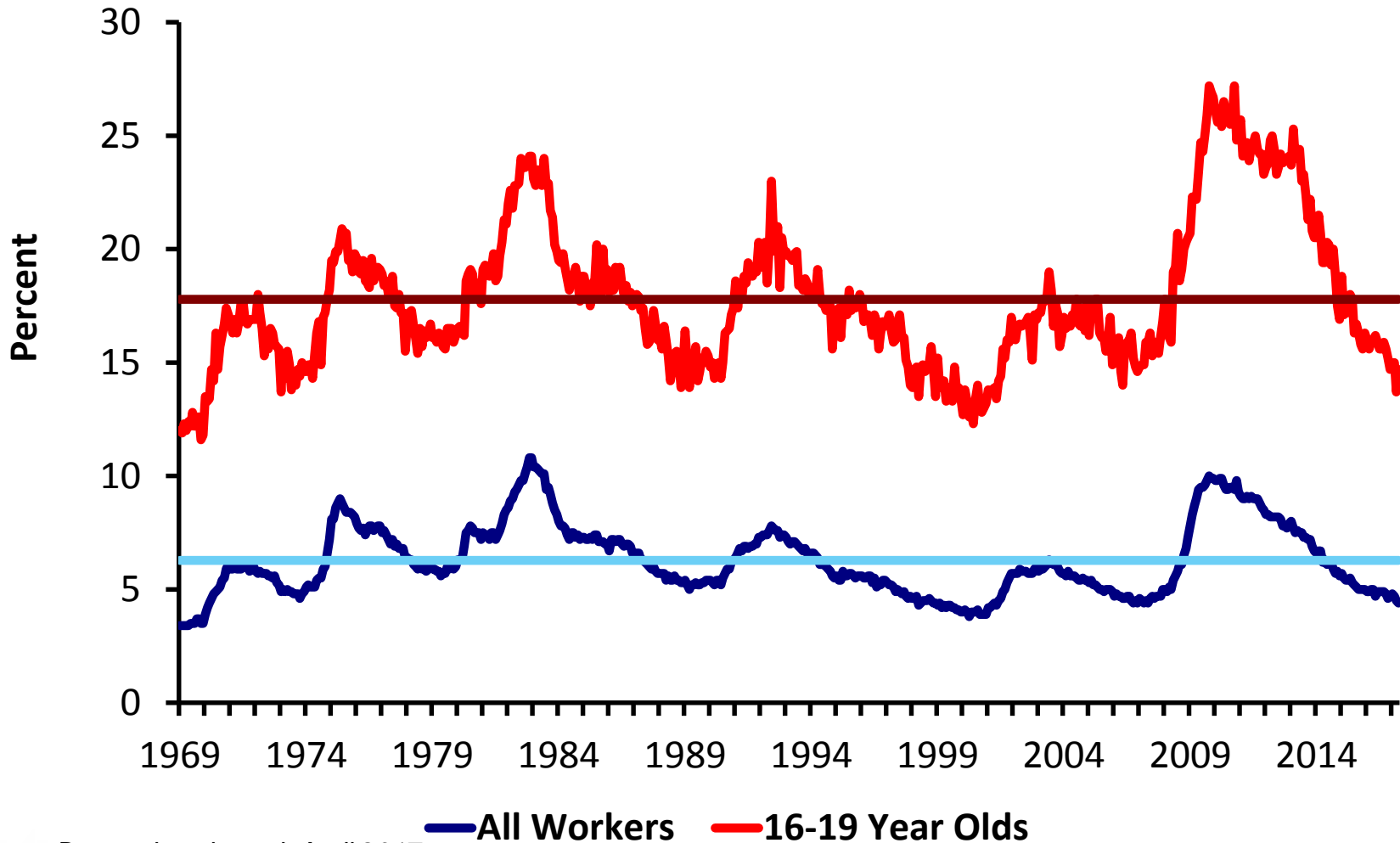
- 1976-1980 25,000
- Reagan 6,200 (zero first 5 years)
- Bush Sr. 25,000
- Clinton 6,200 (negative last 4 years)
- Bush Jr. 22,000
- Obama 17,000

# Number of Persons Employed: Up 7.6 Million From 2008



Data points through April 2017

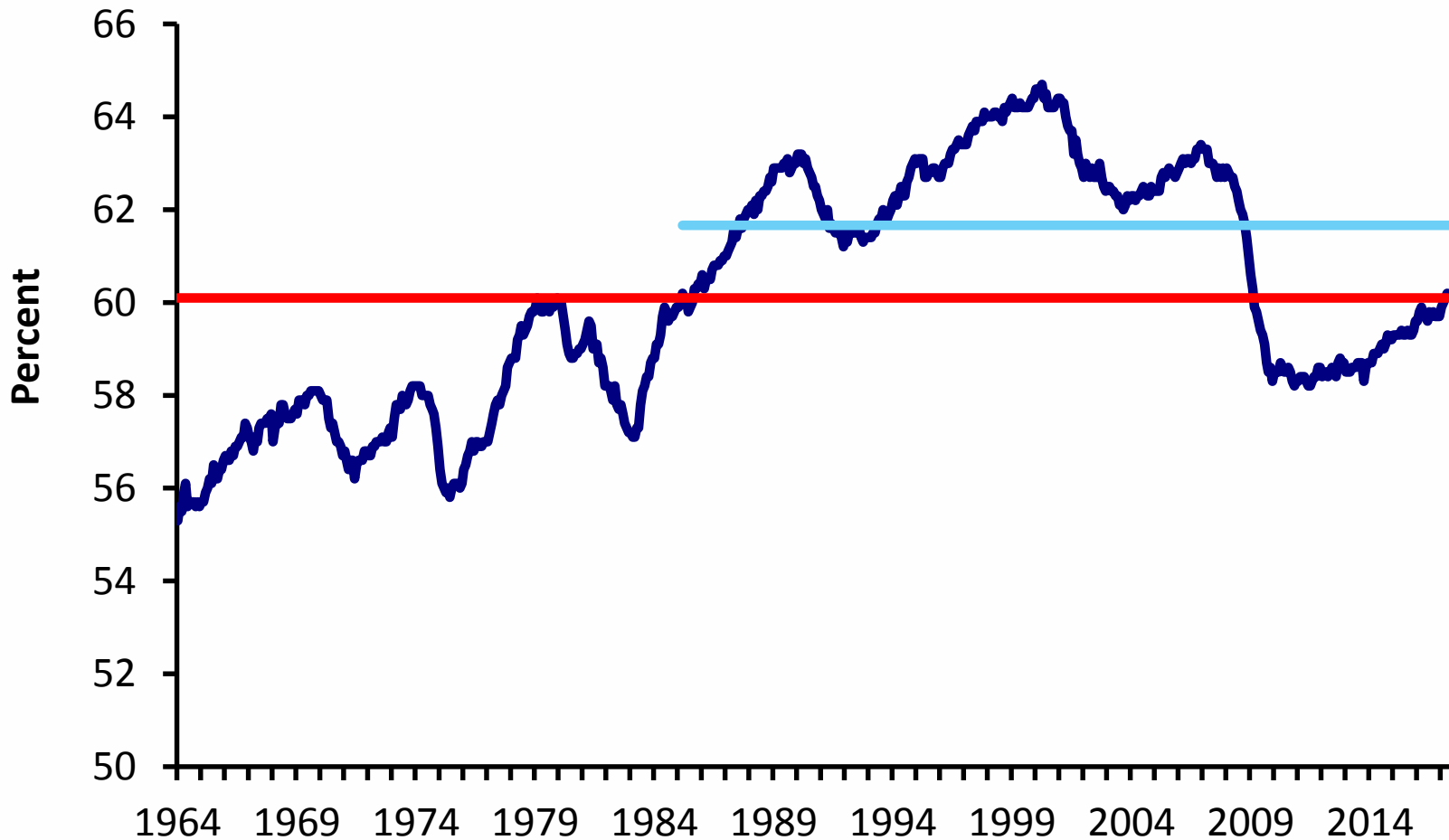
# Civilian Unemployment Rate: Has Recovered



Data points through April 2017



# Employment-to-Population Ratio: Improving



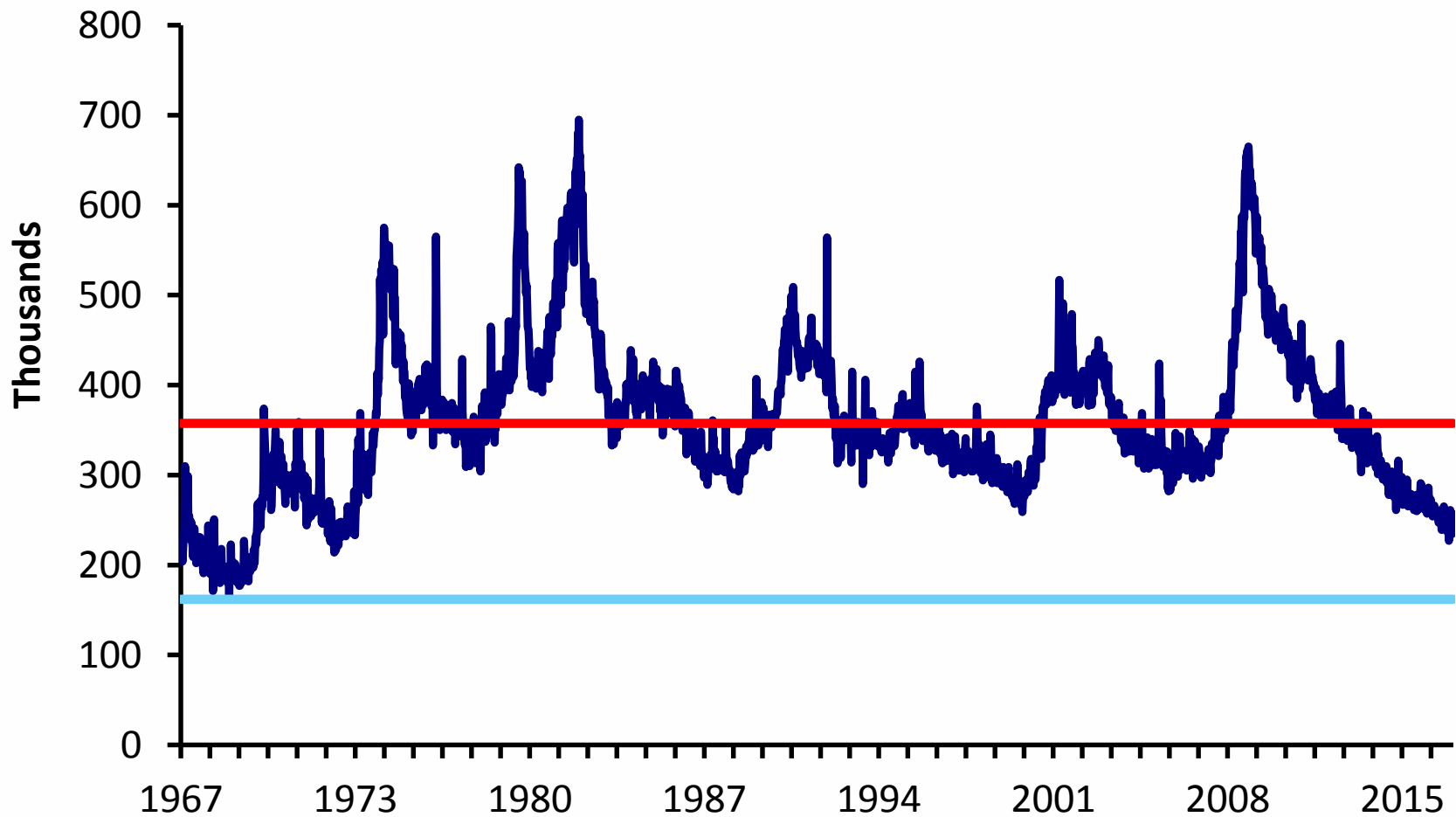
*Data points through April 2017*

# Employer Payroll Survey: Market Basically Recovered

	Unemployment Rate	Employment % Change YOY
<b>U.S.</b>	4.4	1.6
<b>New York City</b>	4.5	1.9
<b>Los Angeles</b>	4.9	1.9
<b>Chicago</b>	5.5	0.5
<b>Dallas/Fort Worth</b>	3.9	3.9
<b>Houston</b>	5.6	0.1
<b>Philadelphia</b>	4.5	2.4
<b>Washington D.C.</b>	3.7	1.7
<b>Miami</b>	5.5	3.0
<b>Atlanta</b>	5.2	3.8
<b>Boston</b>	3.0	2.1
<b>San Francisco</b>	3.6	2.7

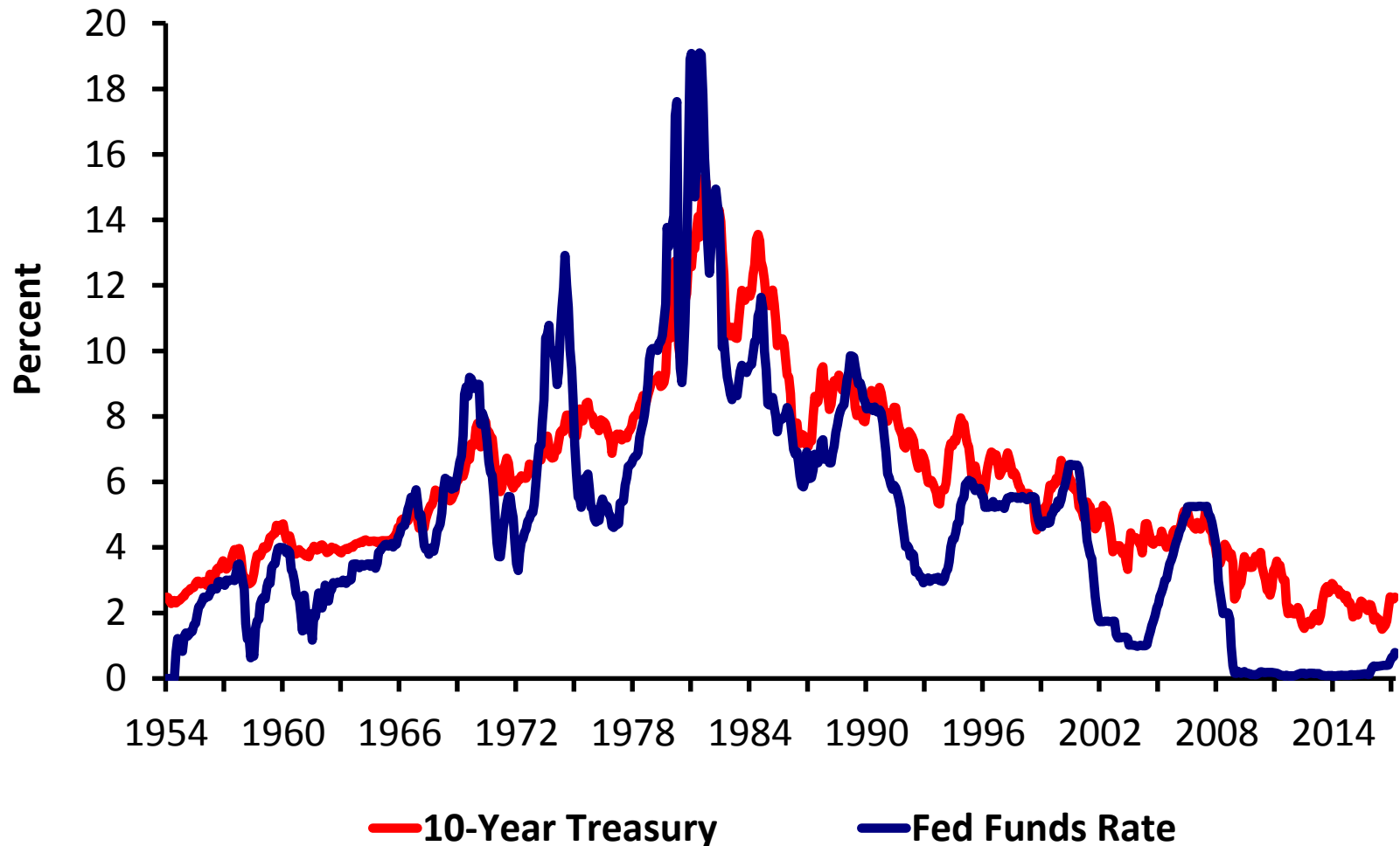
*\* MSA data are seasonally-adjusted through Jan 2017. U.S. data are seasonally adjusted through April 2017.  
Source: BLS, Linneman Associates.*

# Weekly Initial Unemployment Insurance Claims: Very Strong



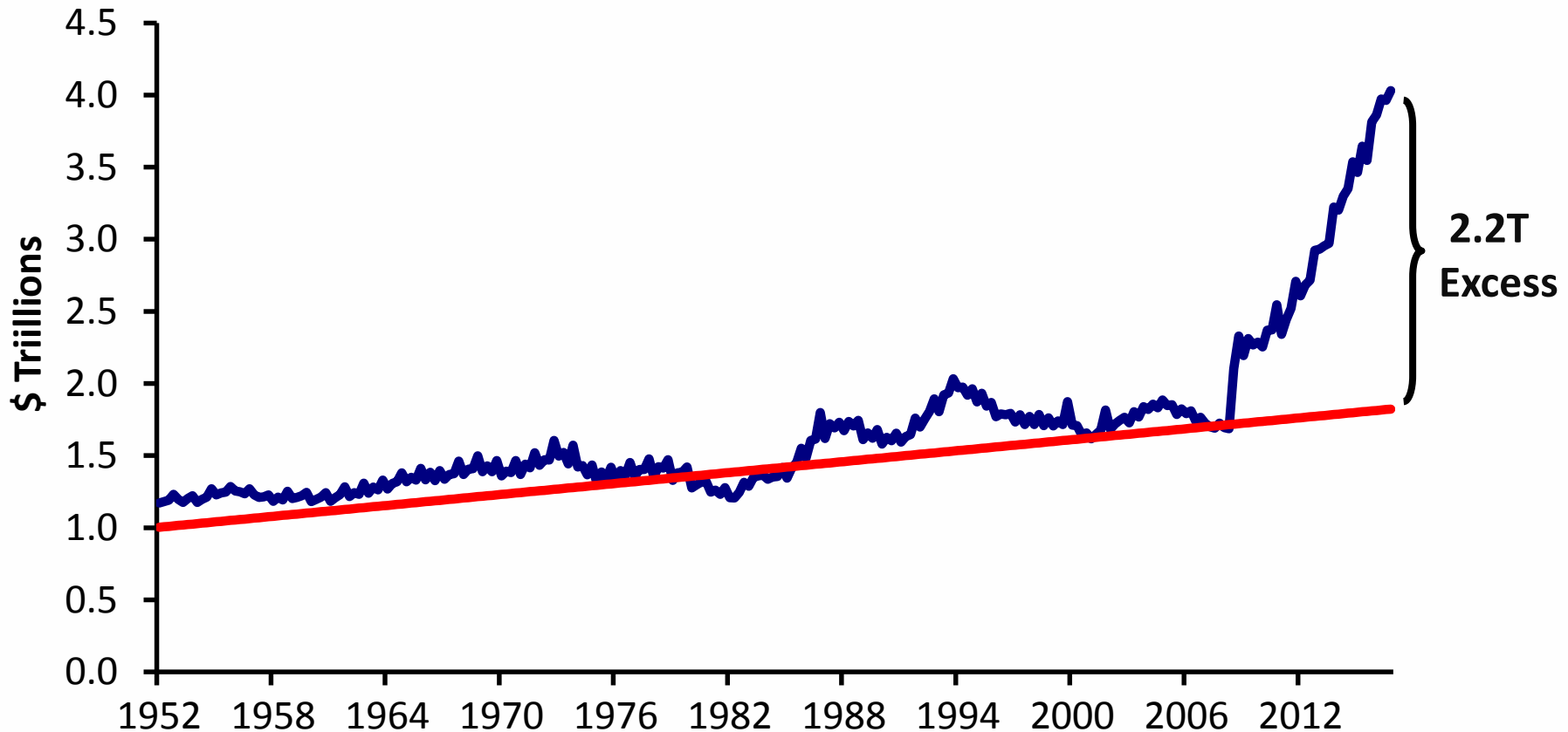
Data points through April 29, 2017

# 10-Year Treasury vs. Fed Funds Rate: Still No Penalty To Holding Cash



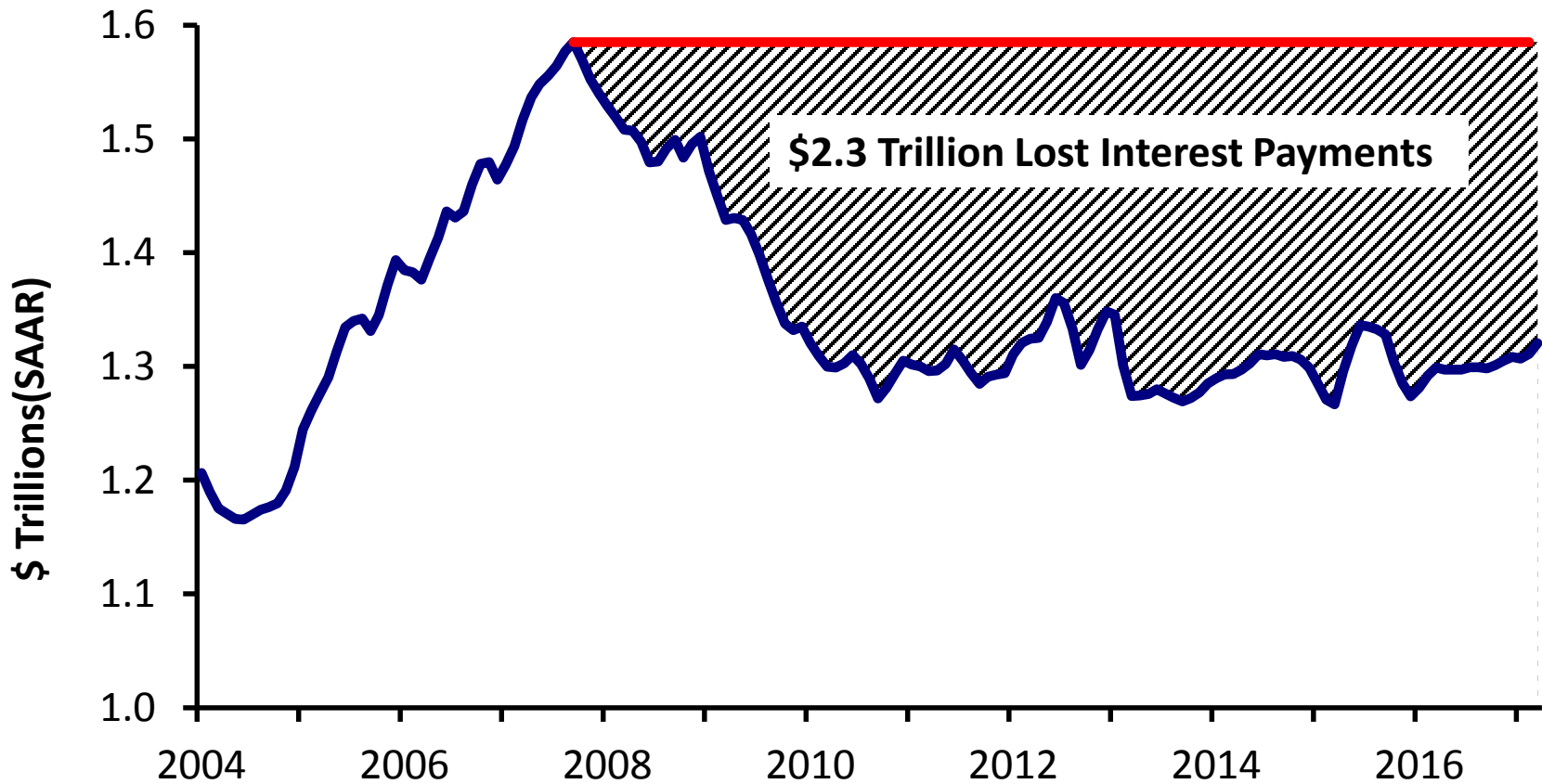
Data points through April 2017

# Real Total Checkable Deposits And Currency: No Penalty On Cash Holdings



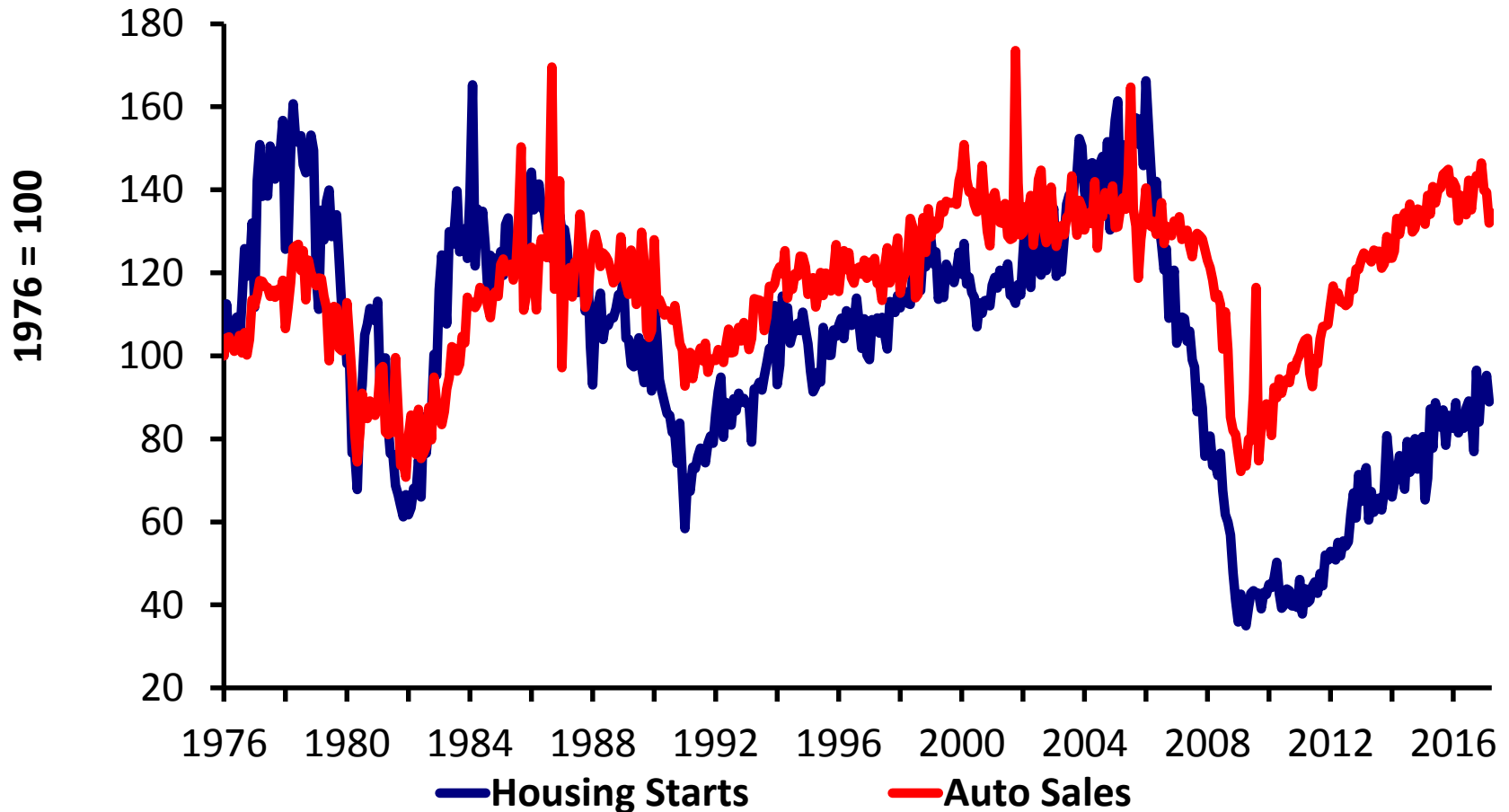
Data points through 4Q 2016

# Real Income from Interest Payments: Savers Have Been Robbed By The Fed



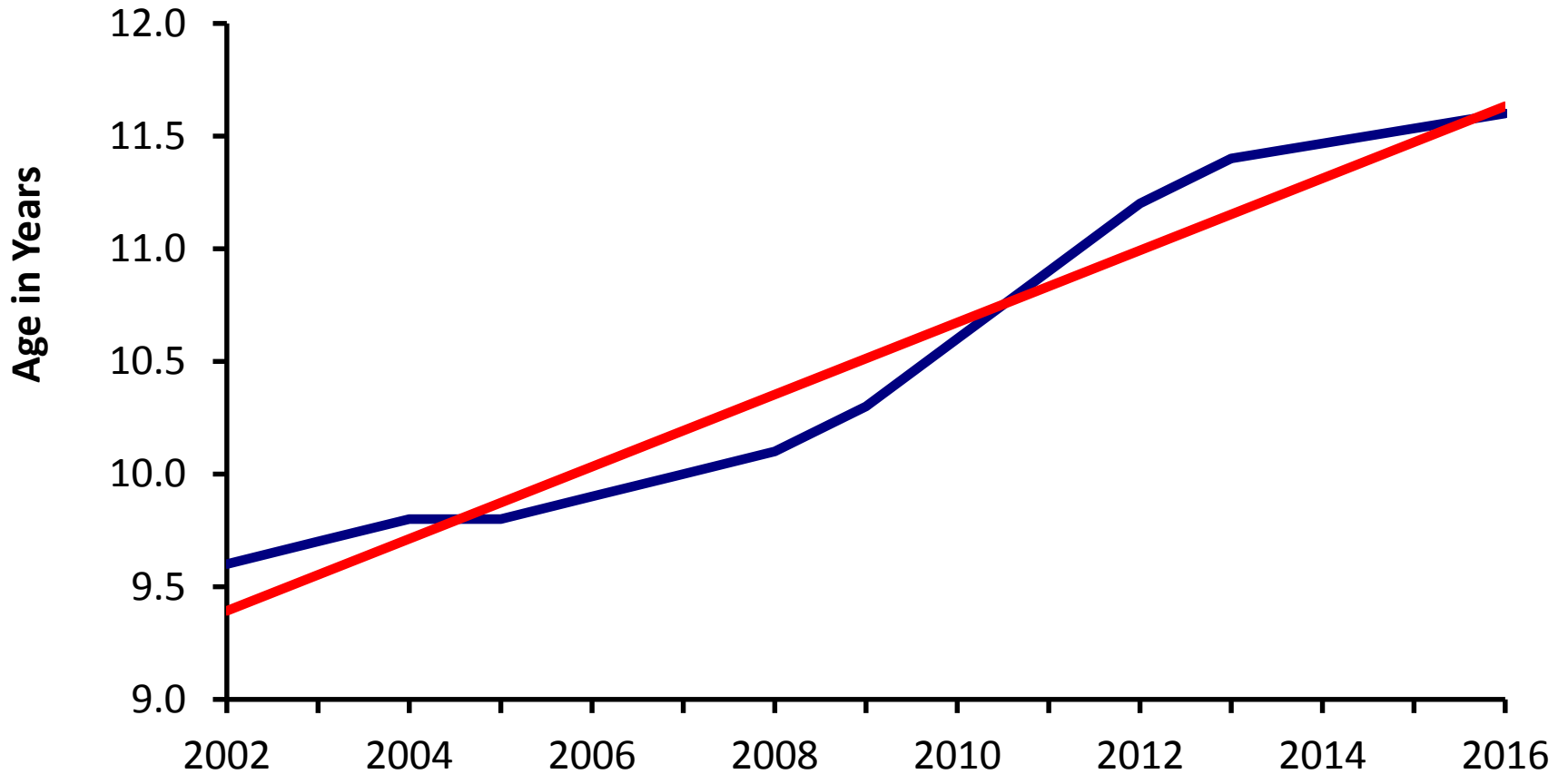
Data points through March 2017

# Housing Starts and Auto Sales: Both Rebounding But Housing Lags



*Auto data points through April 2017, Housing data points through March 2017*

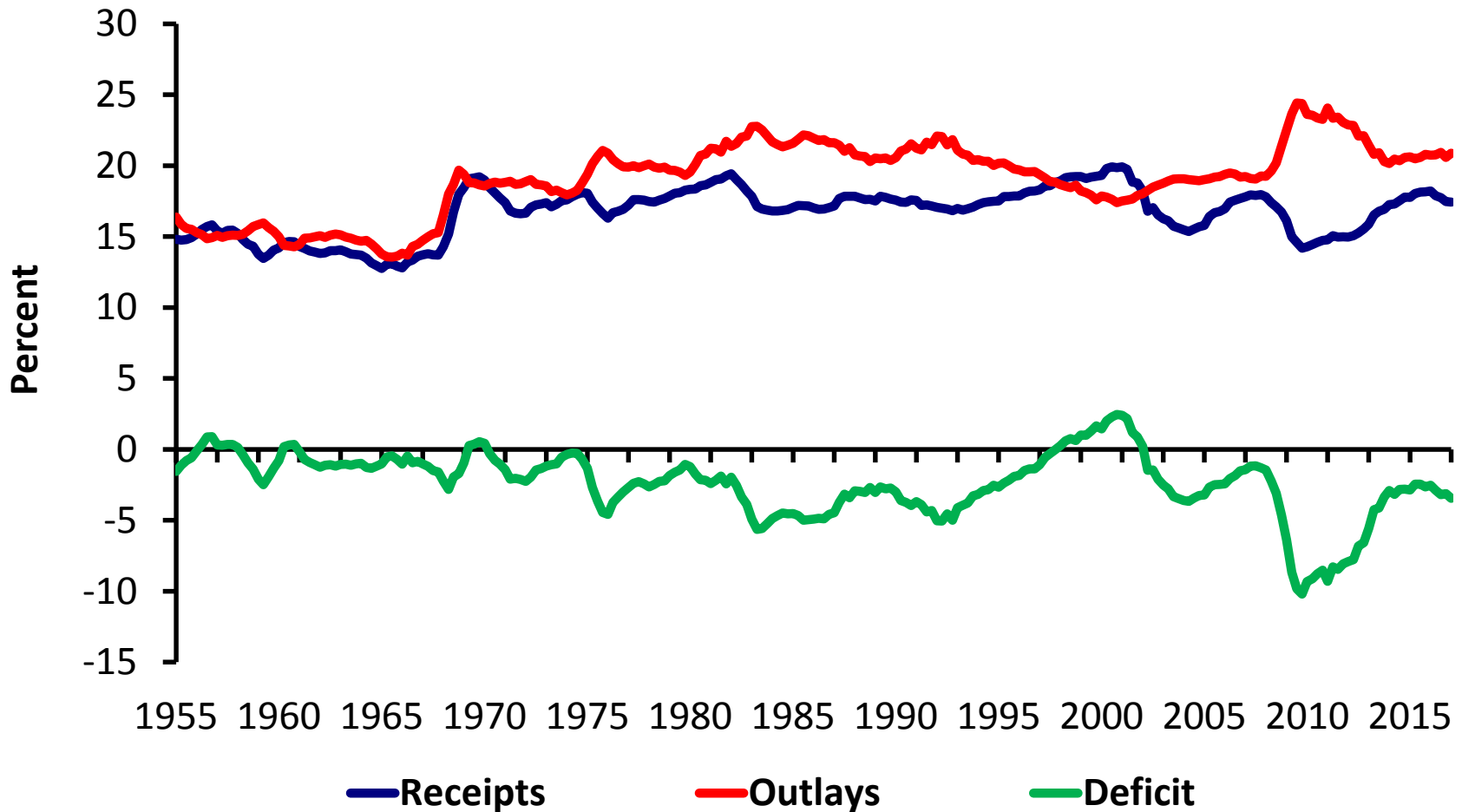
# Average Age of Passenger Cars & Light Vehicles: Has Reverted



*Auto data points through 2016*



# Government Receipts, Outlays, and Deficit as a Percent of GDP: Deficit About Transfer Payments



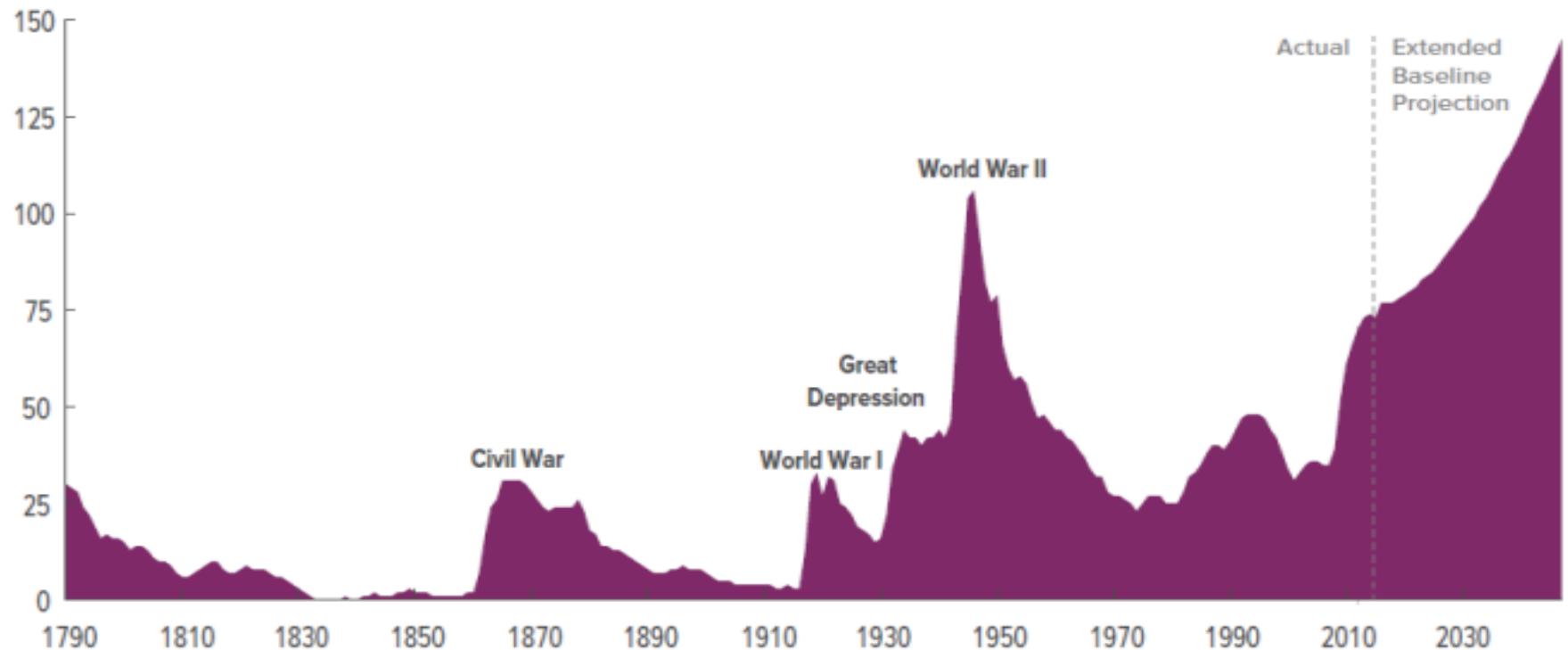
Data points through 1Q 2017

# Federal Debt Held By The Public: At All Time High Except WWII

Figure 1-8.

## Federal Debt Held by the Public

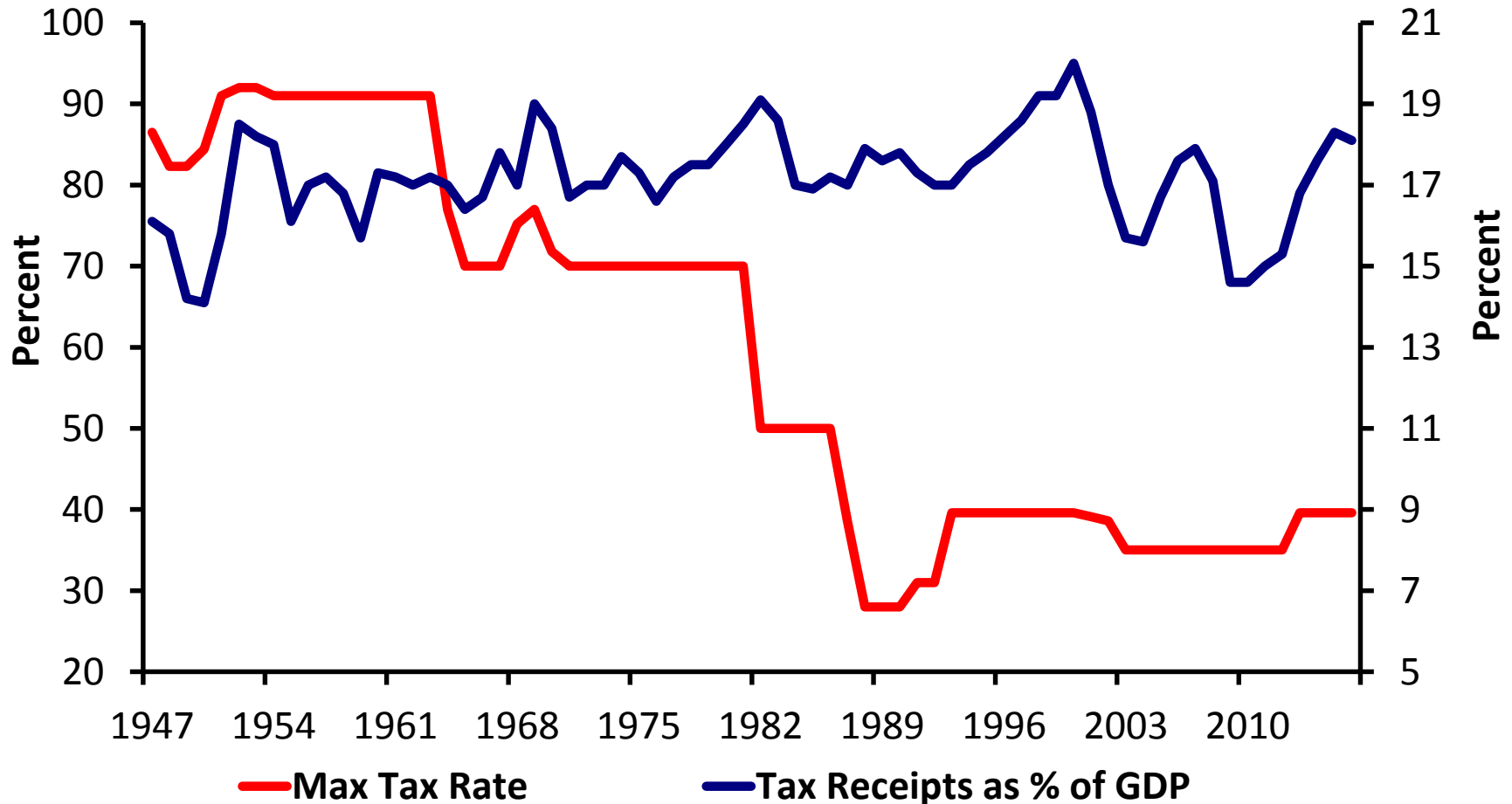
Percentage of Gross Domestic Product



Source: Congressional Budget Office. For details about the sources of data used for past debt held by the public, see Congressional Budget Office, *Historical Data on Federal Debt Held by the Public* (July 2010), [www.cbo.gov/publication/21728](http://www.cbo.gov/publication/21728).

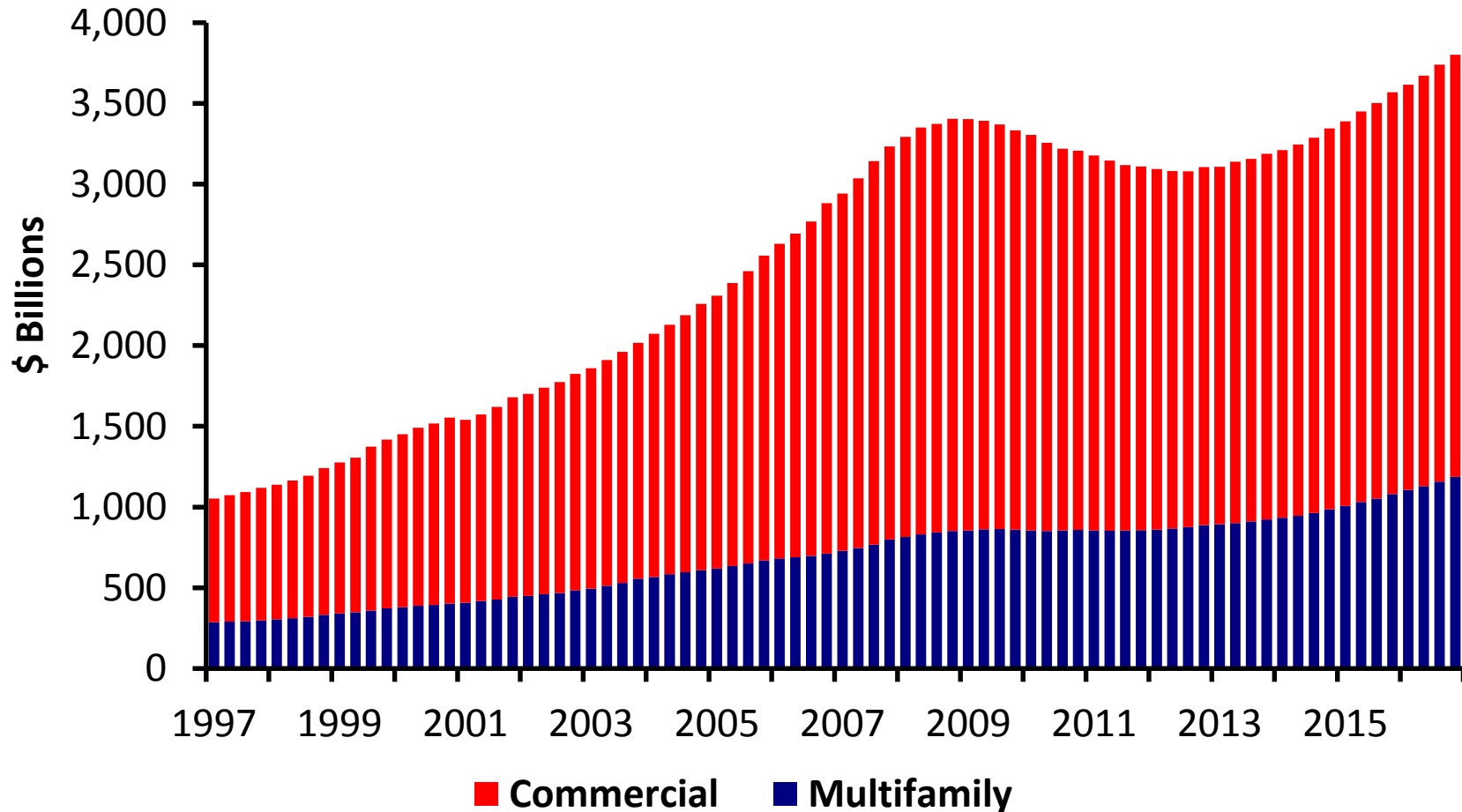
The extended baseline generally reflects current law, following CBO's 10-year baseline budget projections through 2027 and then extending most of the concepts underlying those baseline projections for the rest of the long-term projection period (in this case, through 2047).

# High Tax Rates Have No Impact On Revenues



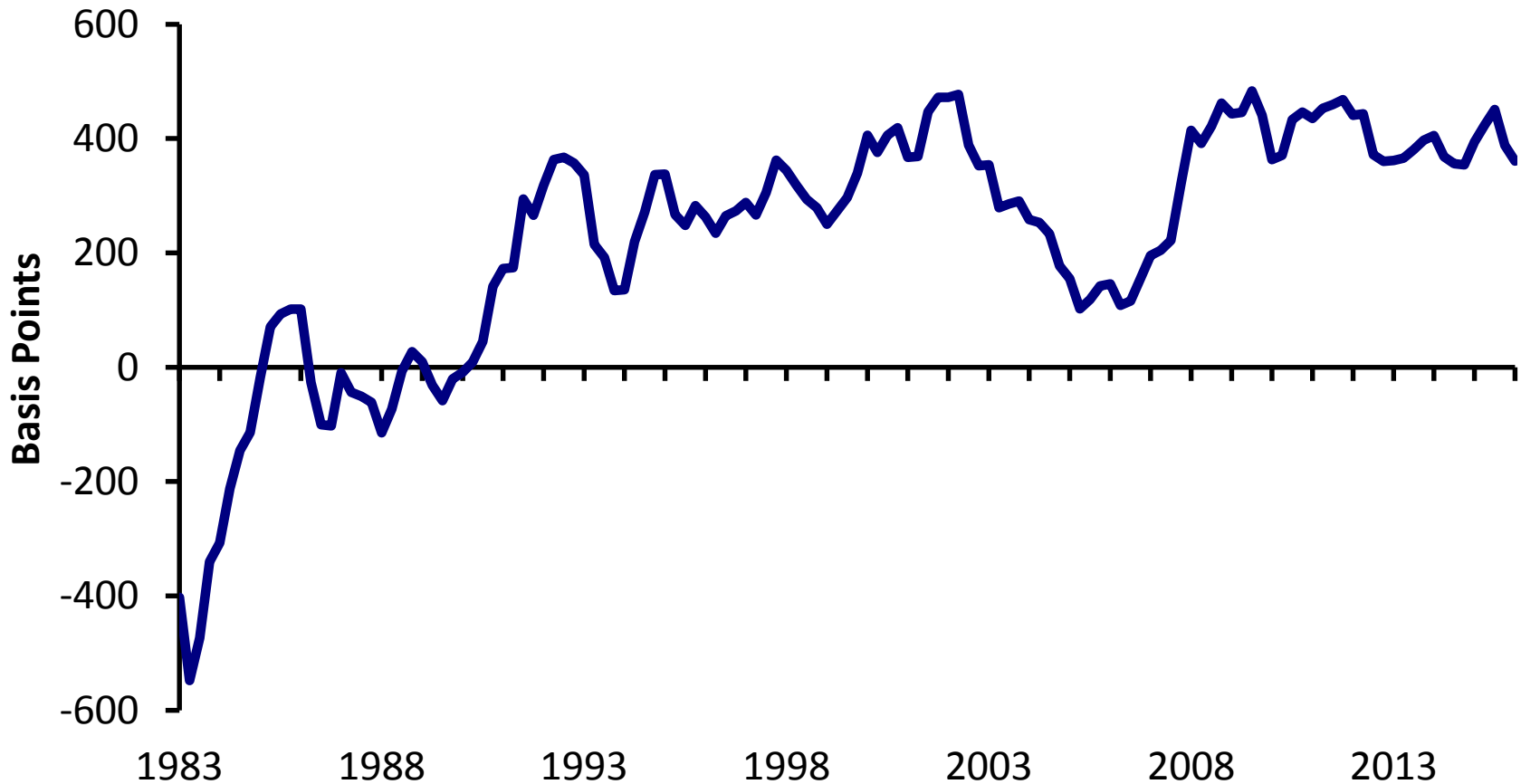
Auto data points through 2016

# Multifamily and Commercial Mortgages Outstanding: Rising



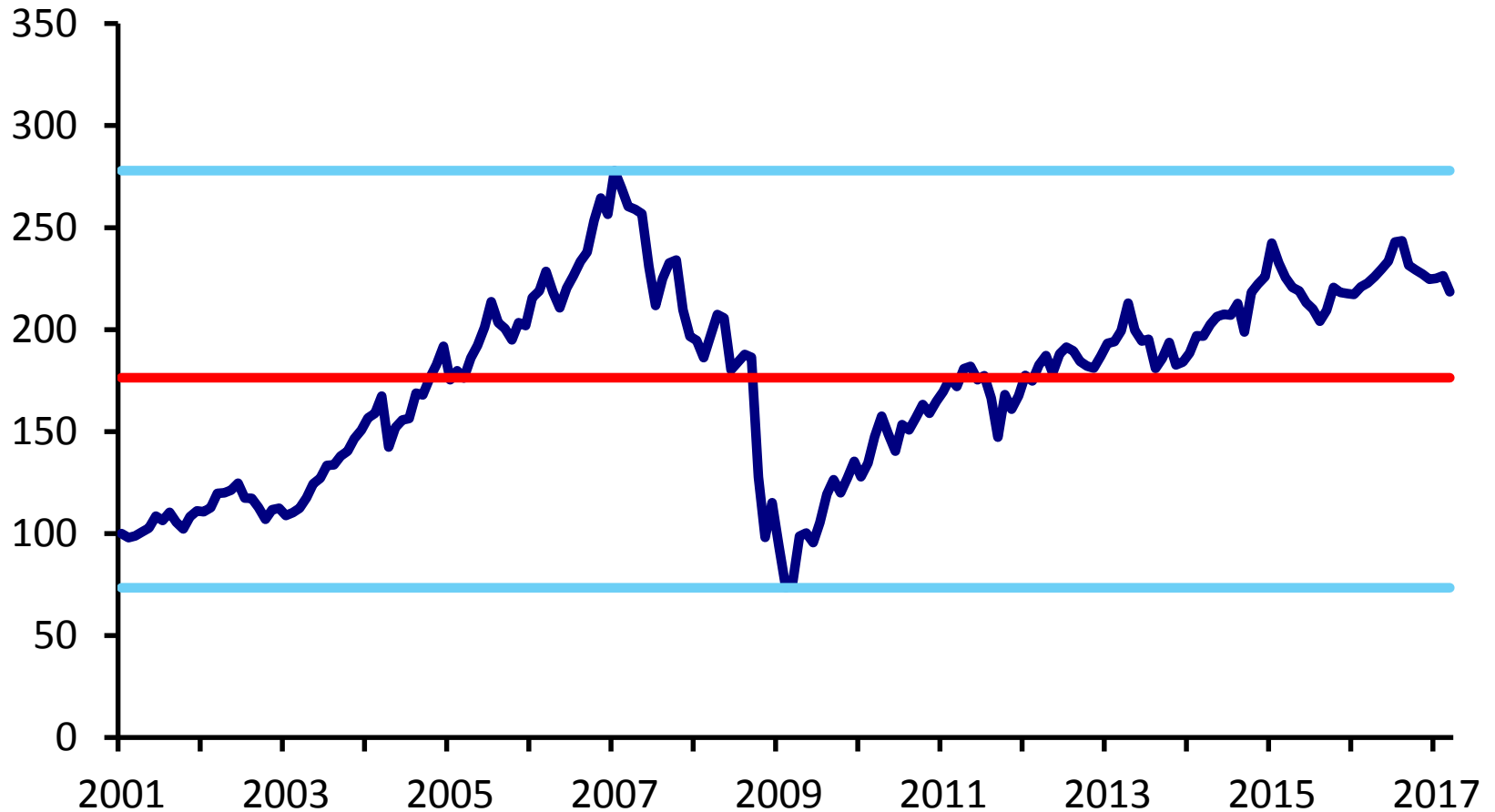
Data points through 4Q 2016

# NCREIF Transaction Cap Rates Over 10-Year Treasury Rates: Very Wide



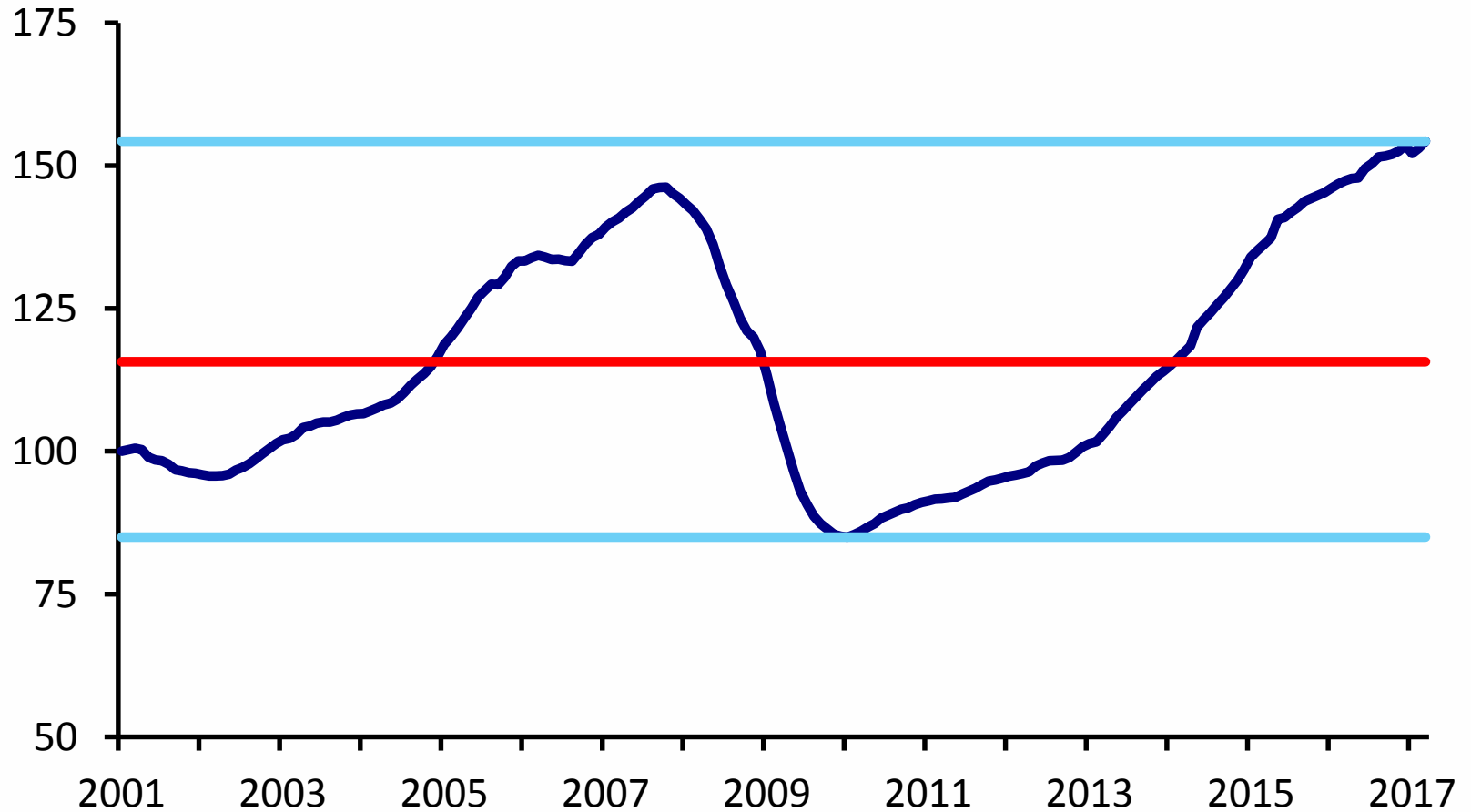
Data points through 1Q 2017

# Real Public Market Commercial Real Estate Values: Still Below Peak



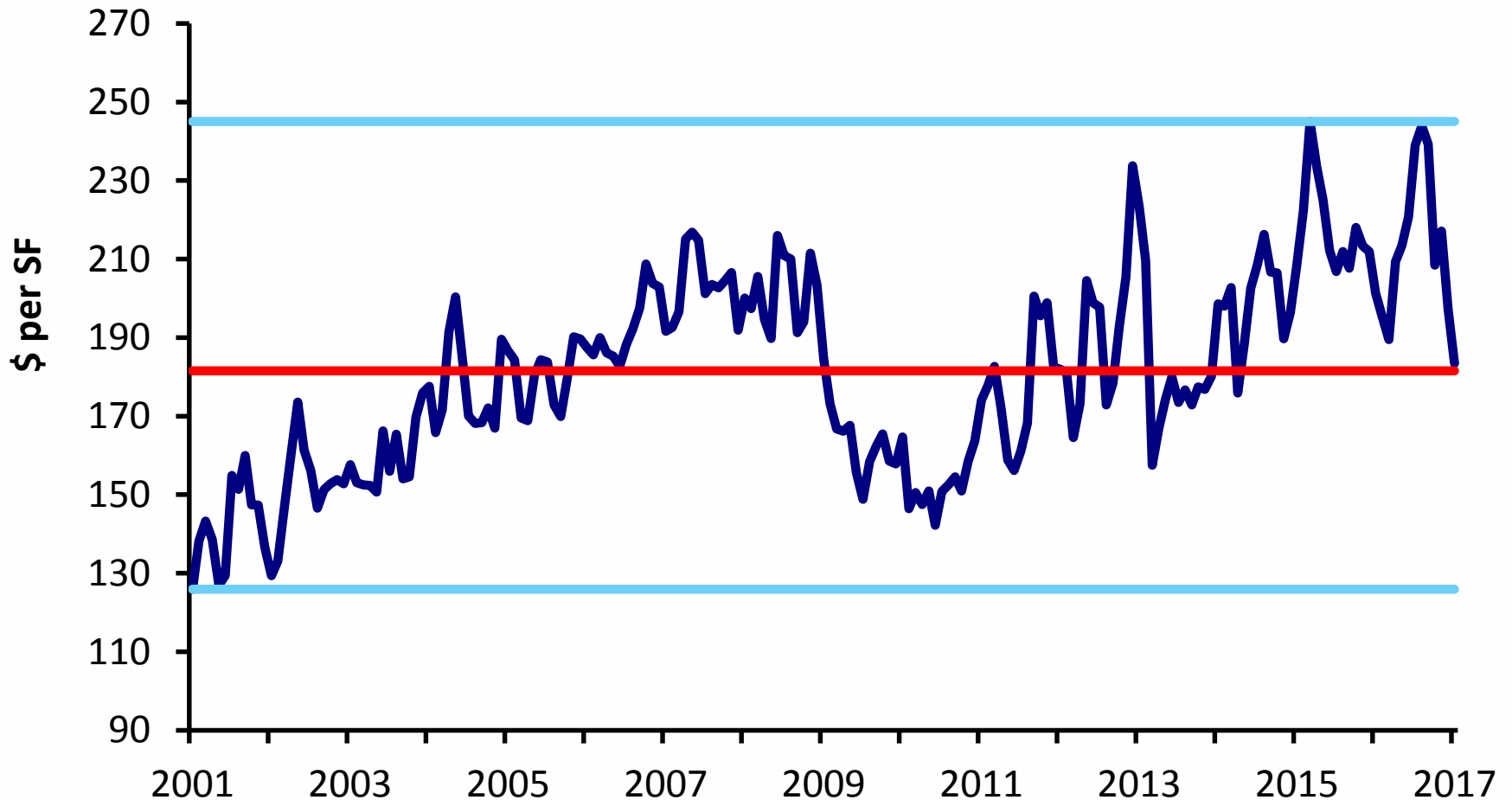
Data points through March 2017

# Real Private Market Commercial Real Estate Values: At Peak



Data points through March 2017

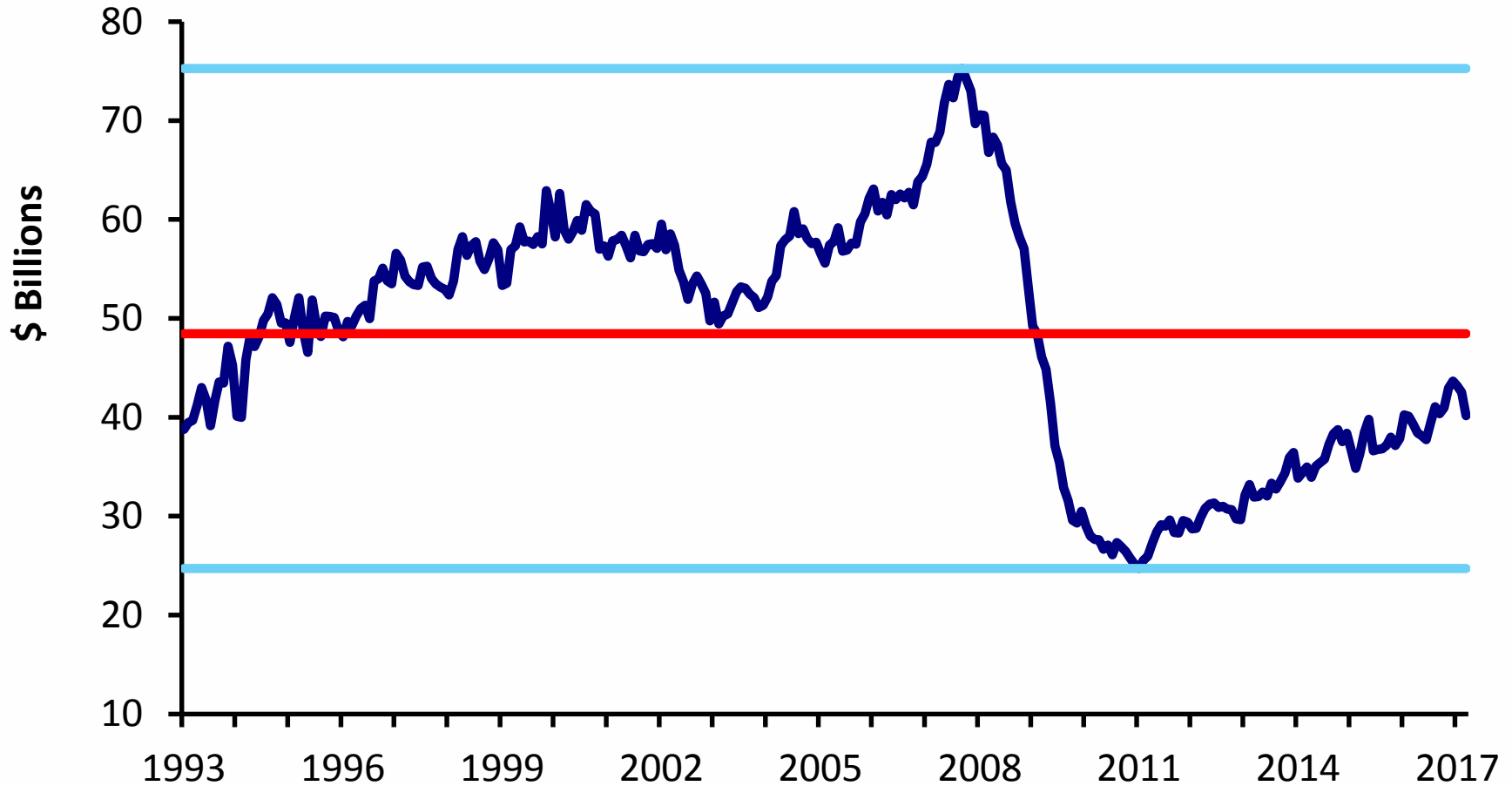
# Real RCA Retail Private Real Estate Values: Above Average



Data points through January 2017

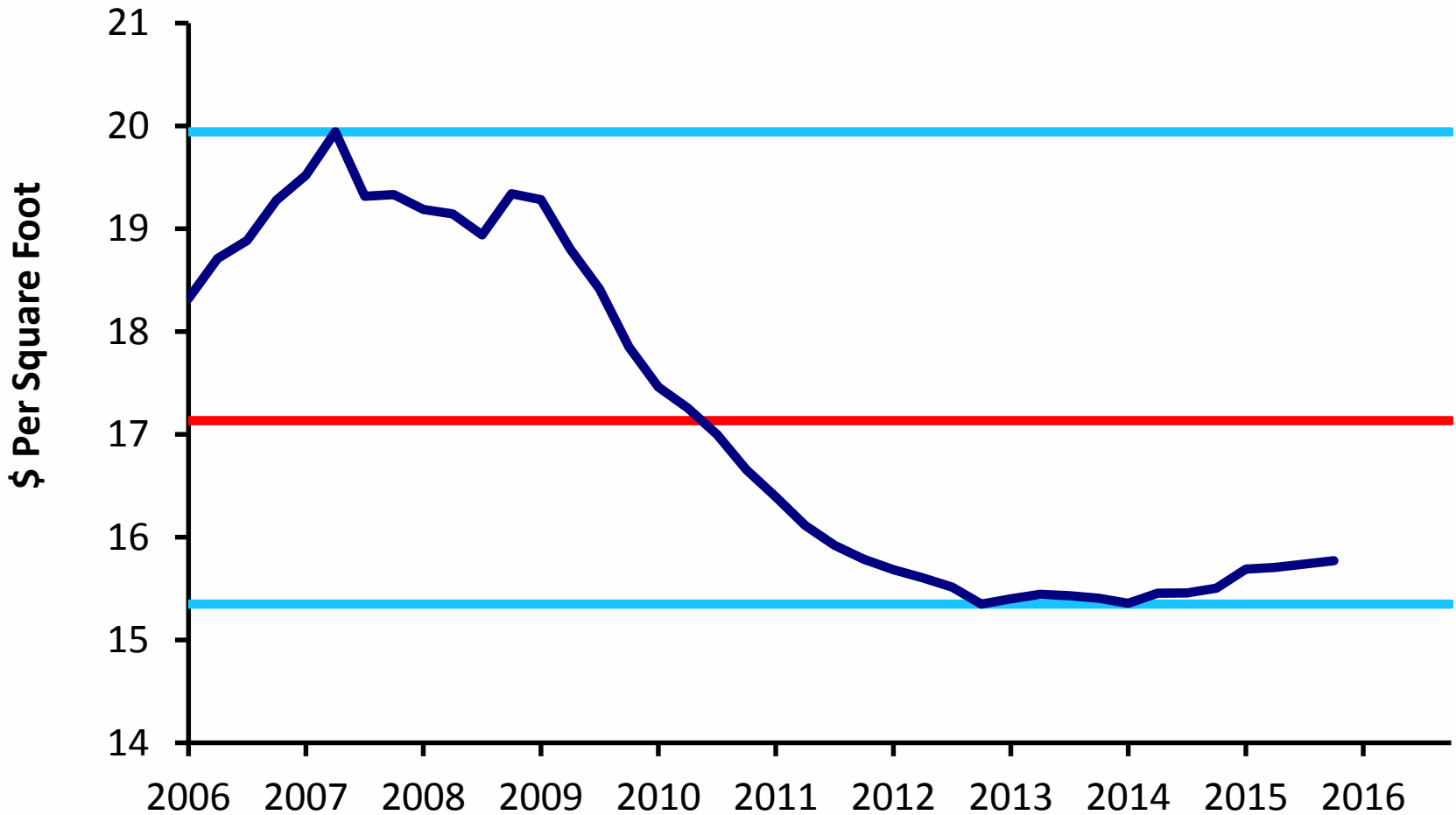


# Real Retail Construction: Well Below Average



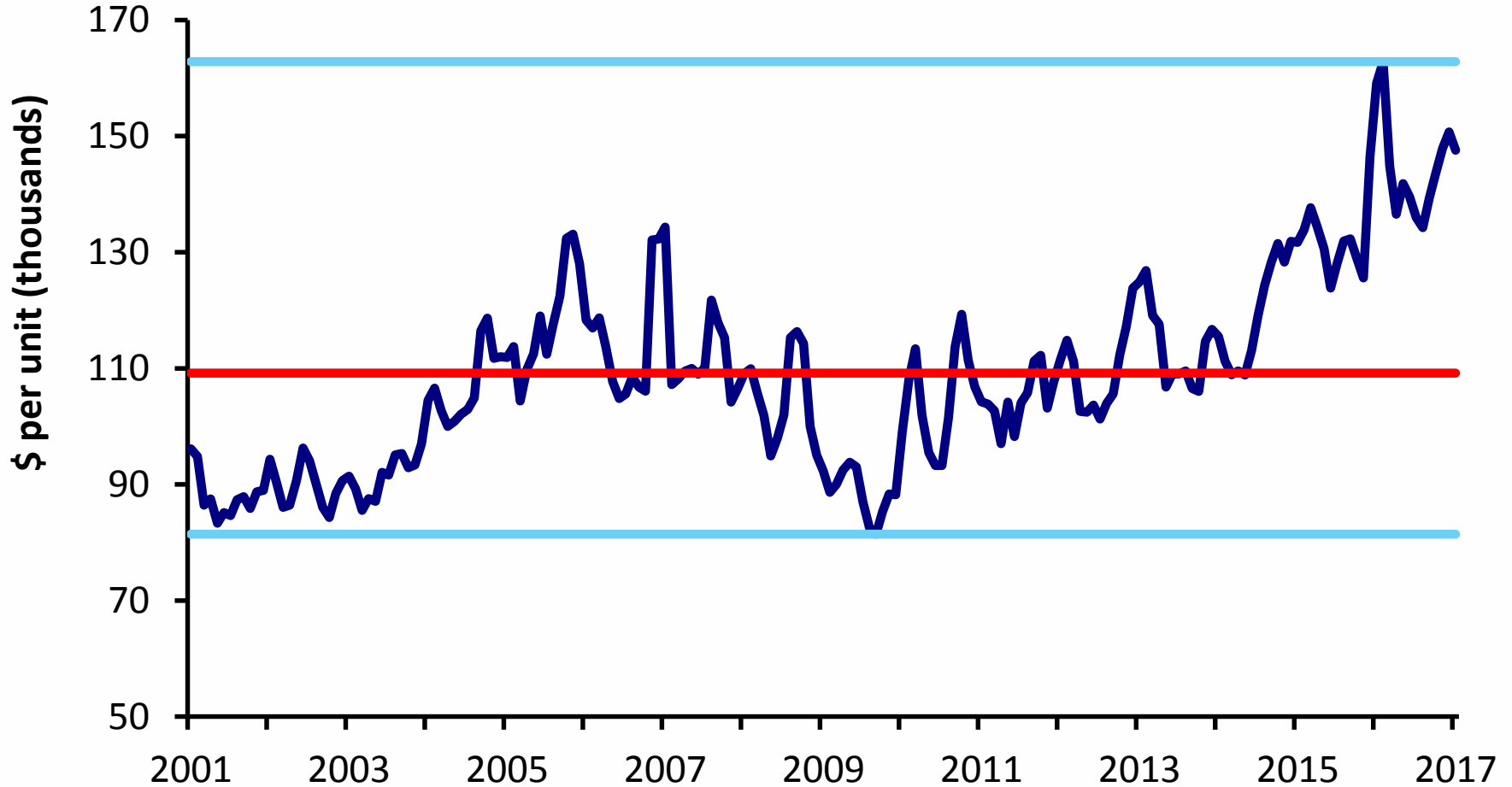
Data points through March 2017

# Real Retail Rent: Up A Bit From Bottom



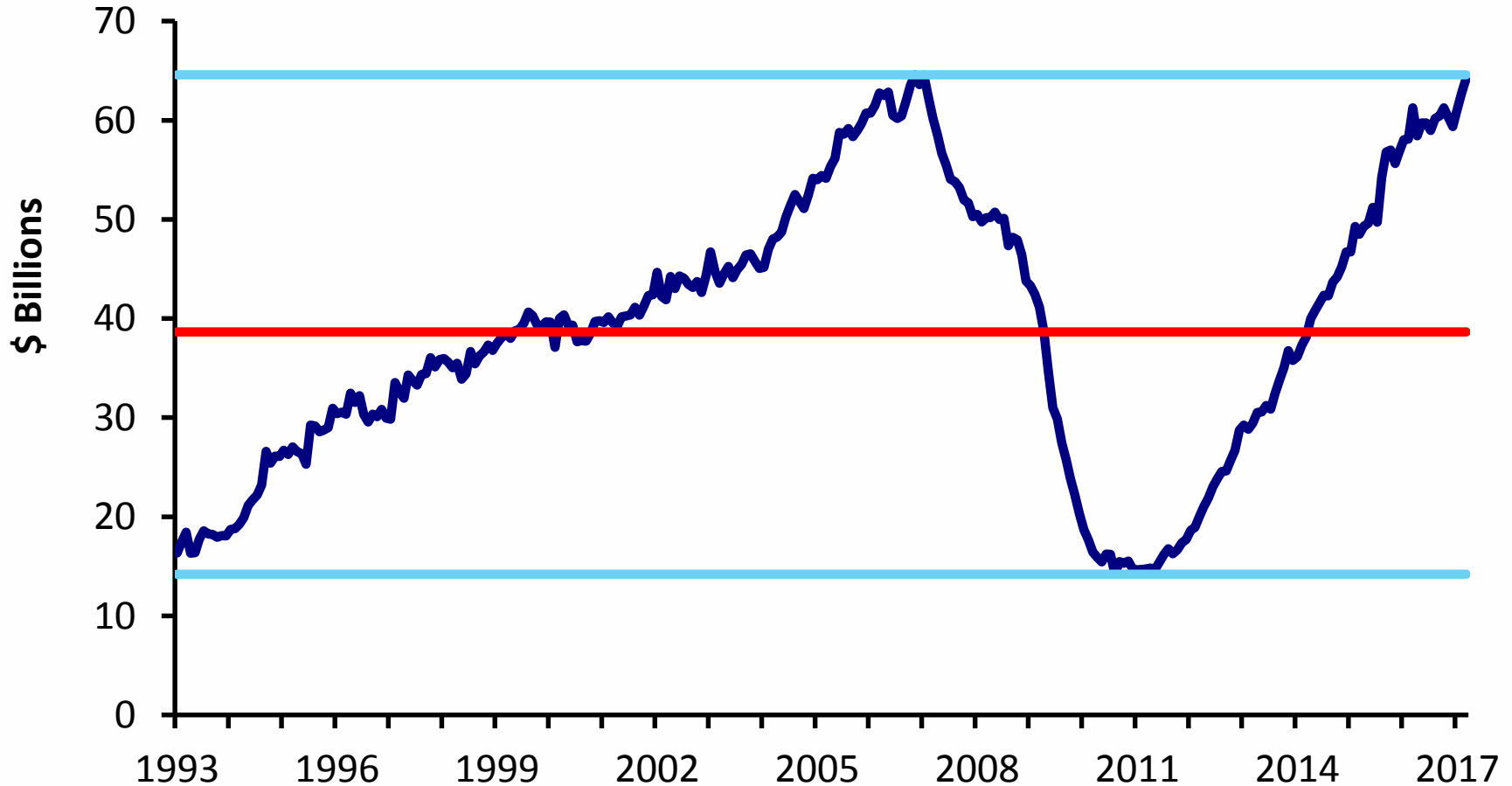
Data points through 4Q 2015

# Real RCA Multifamily Private Real Estate Values: Well Above Average



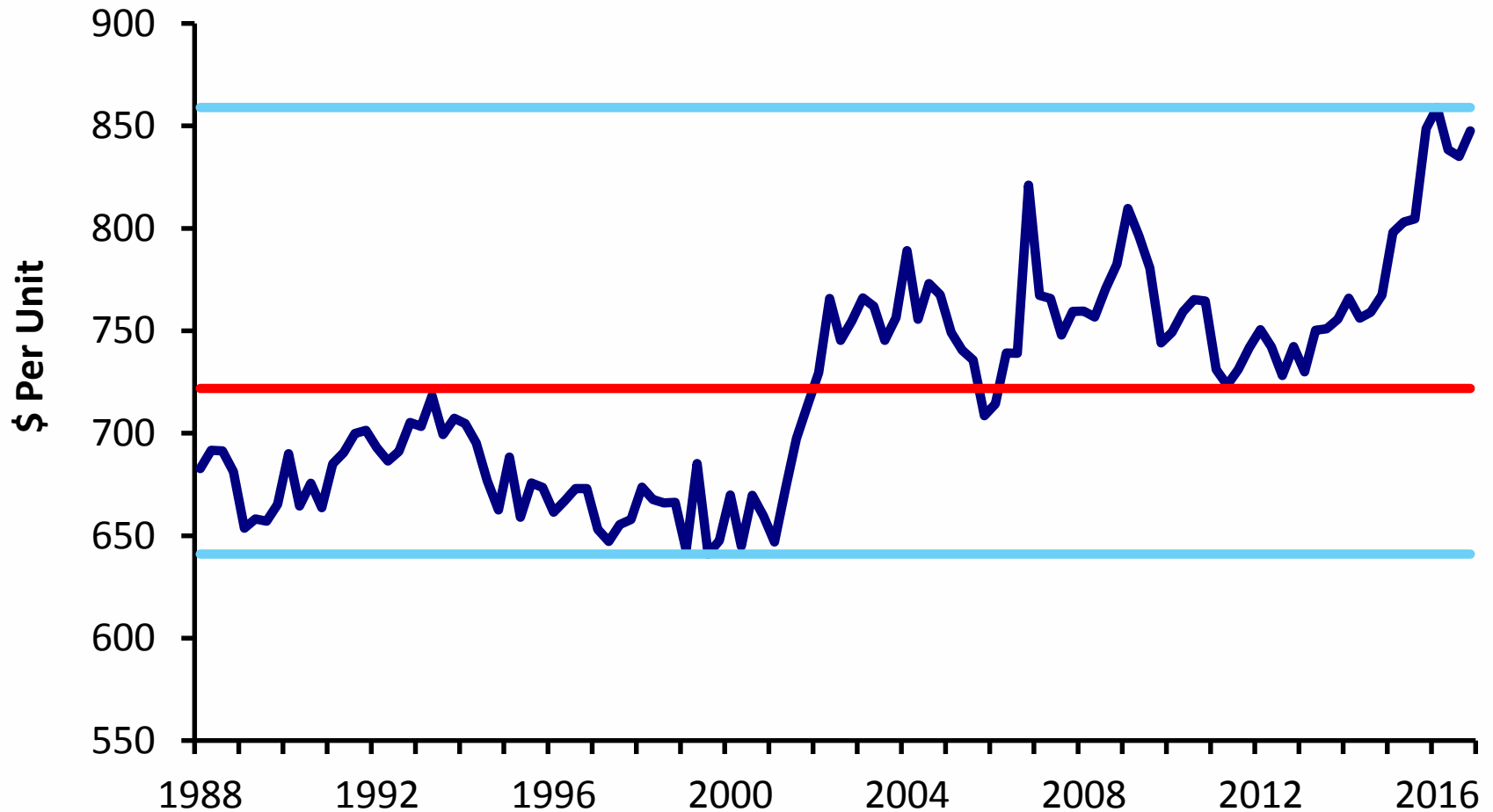
Data points through January 2017

# Real Multifamily Construction: Approaching New High



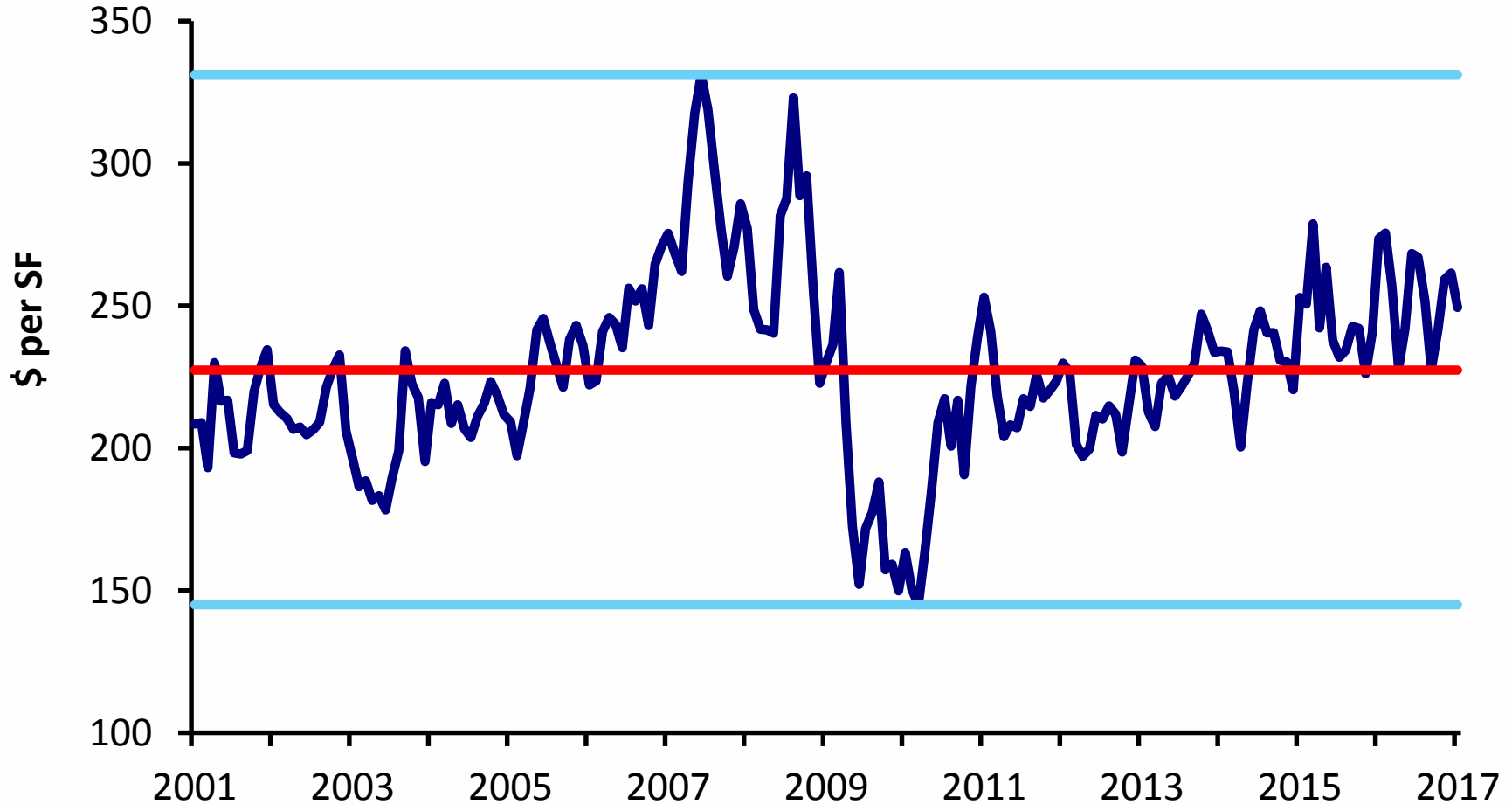
Data points through March 2017

# Real Multifamily Rent: Near Peak



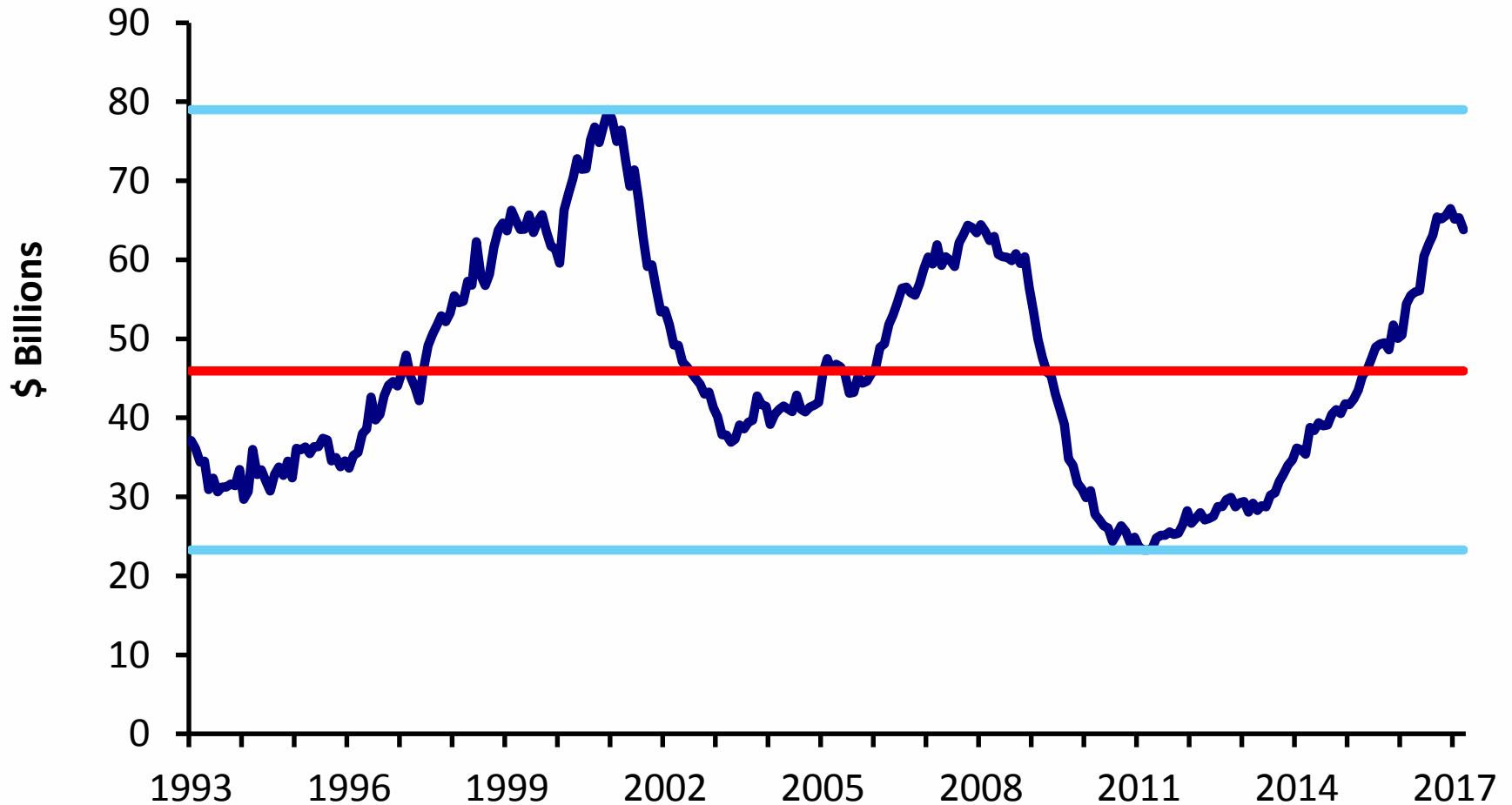
Data points through 4Q 2016

# Real RCA Office Private Real Estate Values: A Bit Above Average



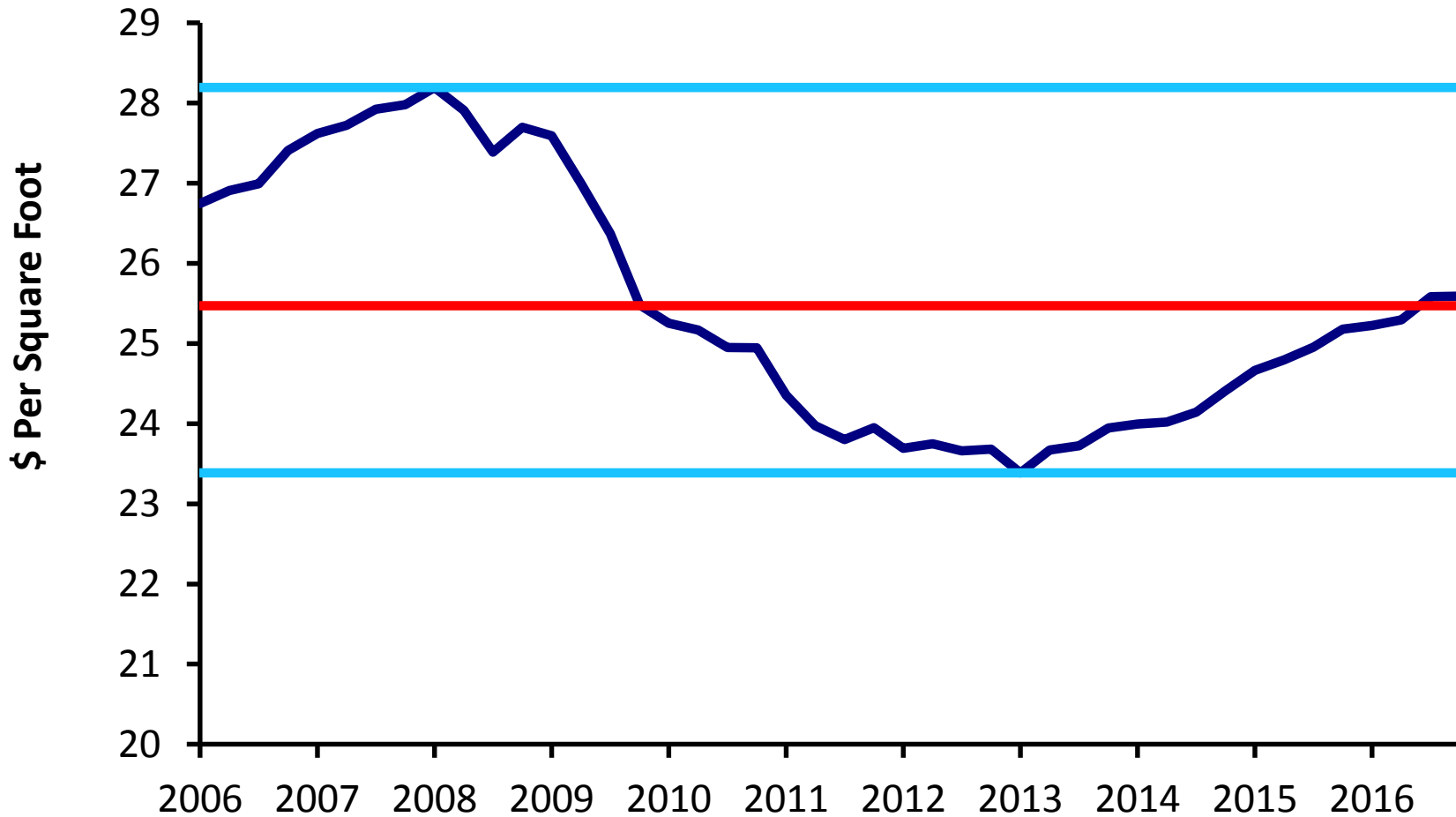
Data points through January 2017

# Real Office Construction: Well Above Average



Data points through March 2017

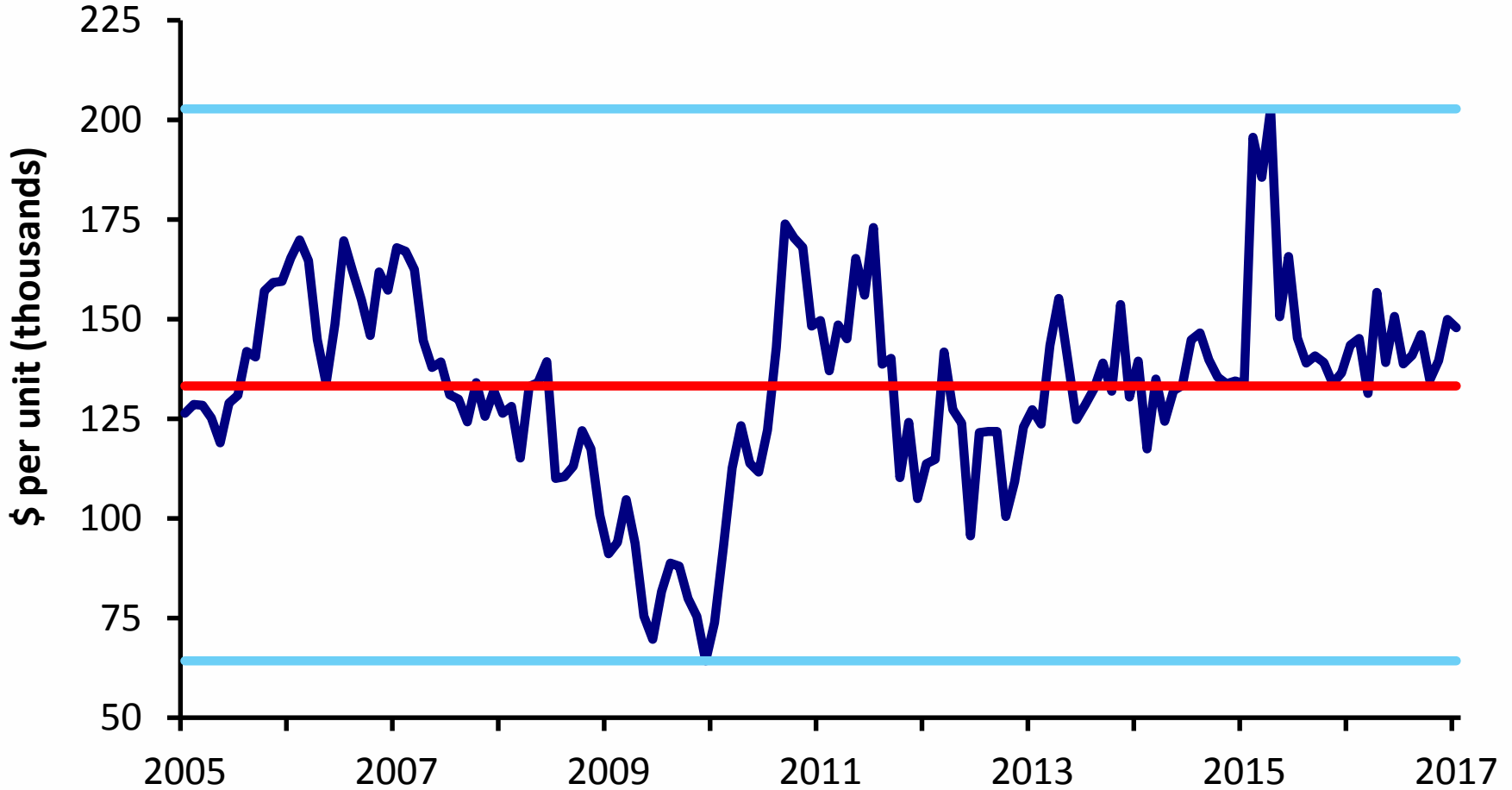
# Real Office Rent: Rebounded To Average



Data points through 4Q 2016

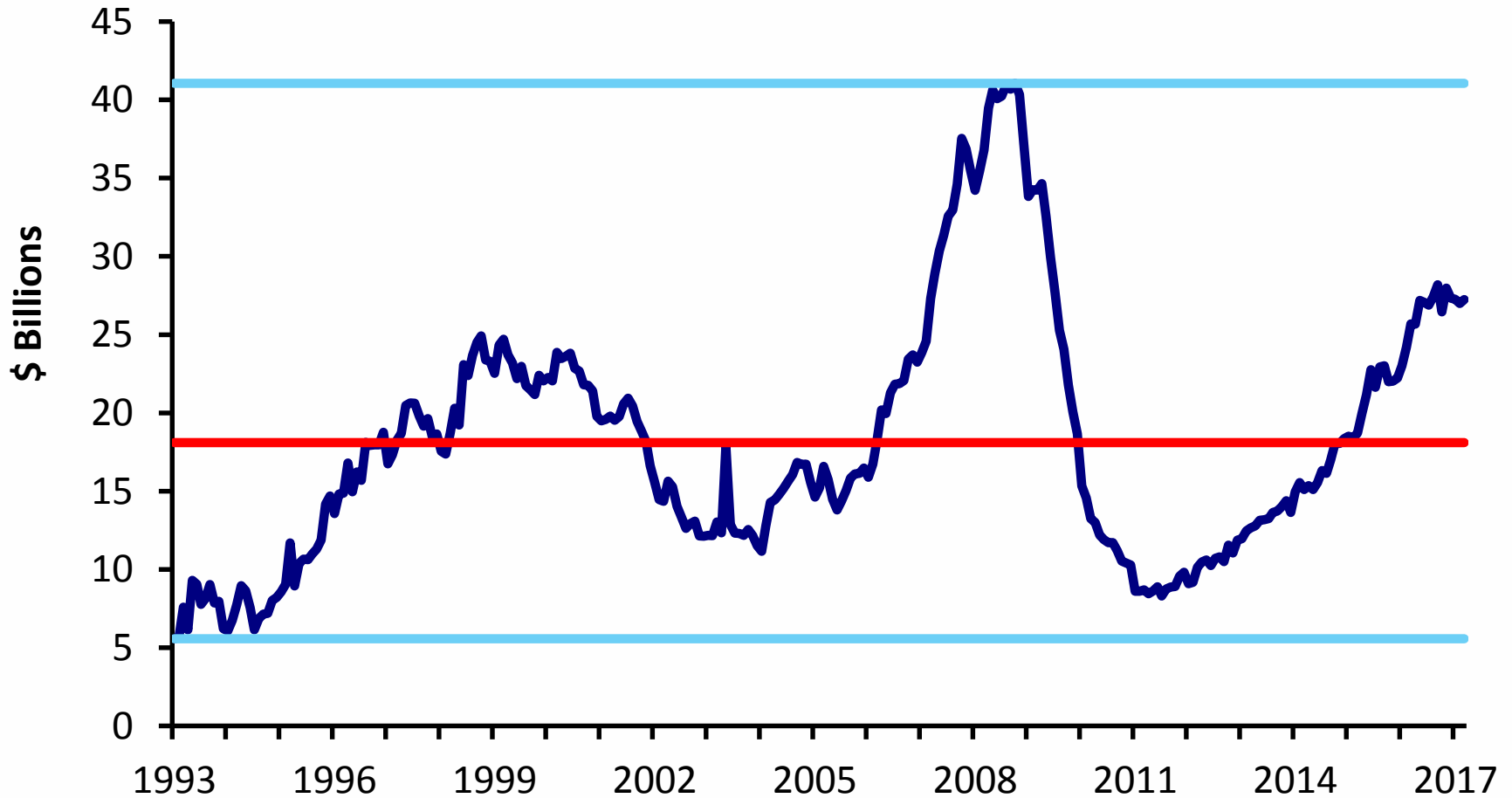


# Real RCA Hotel Private Real Estate Values: Above Average



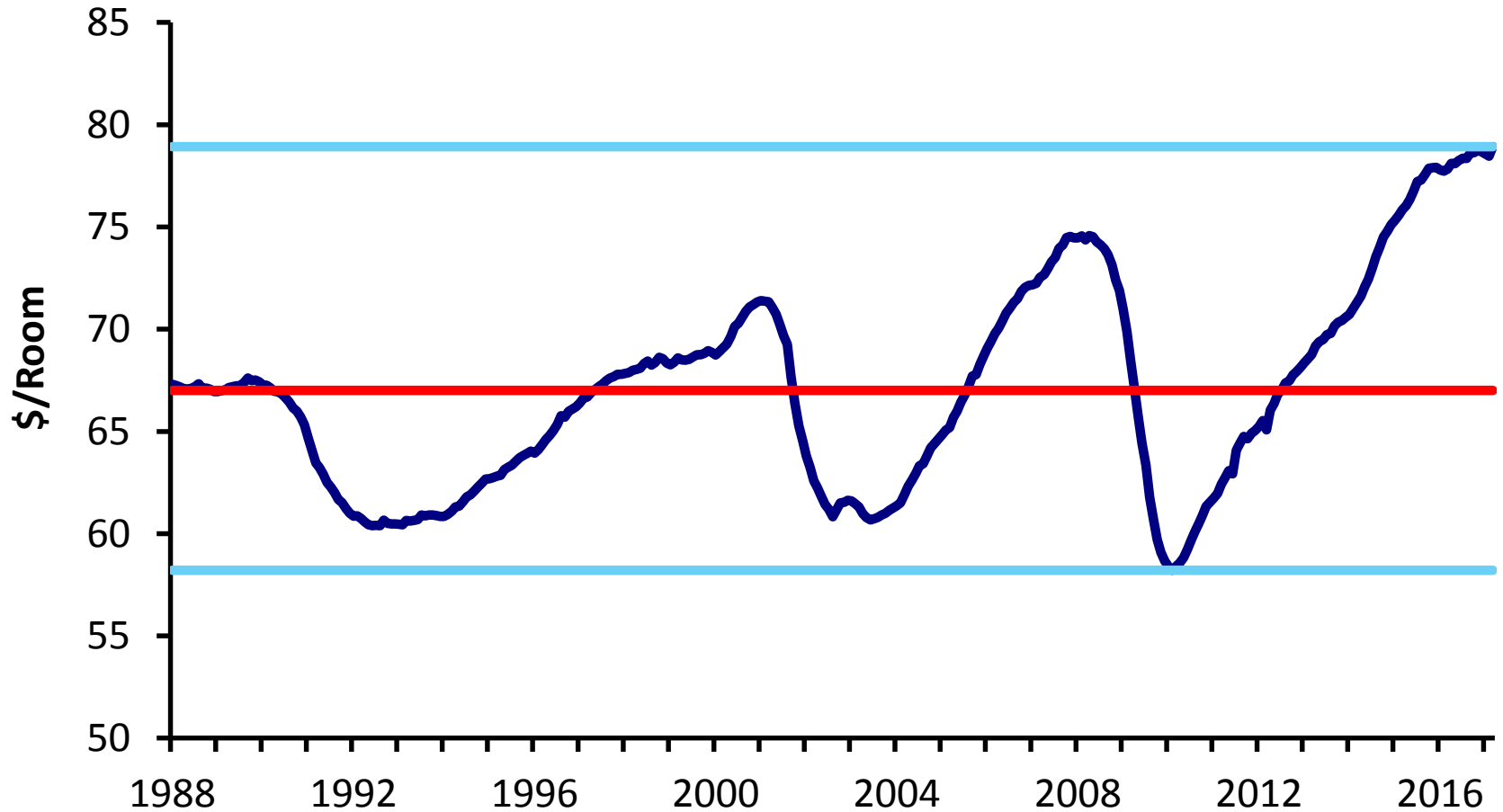
Data points through January 2017

# Real Hotel Construction: Above Average



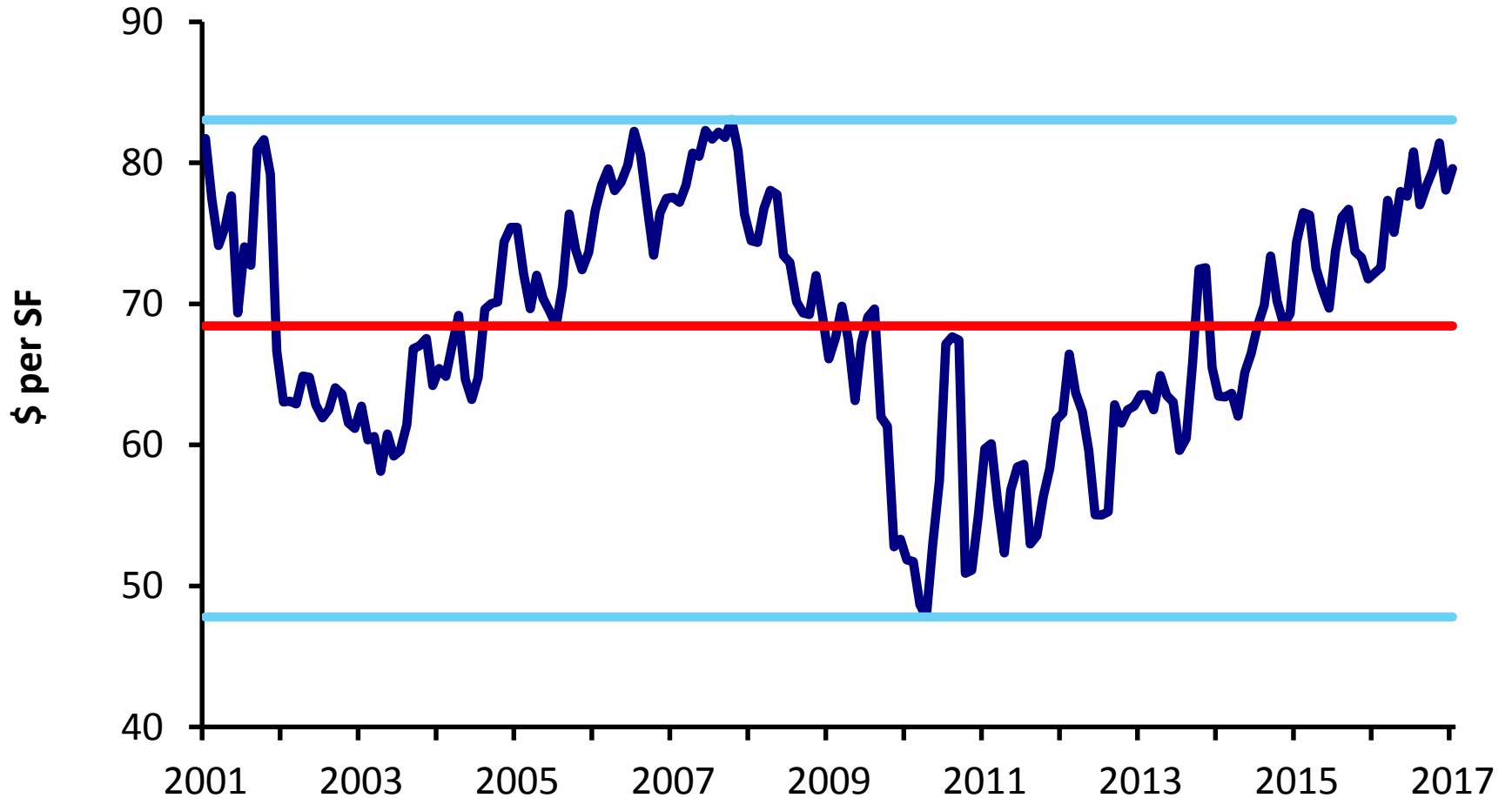
Data points through March 2017

# Real Hotel RevPar: A New Peak



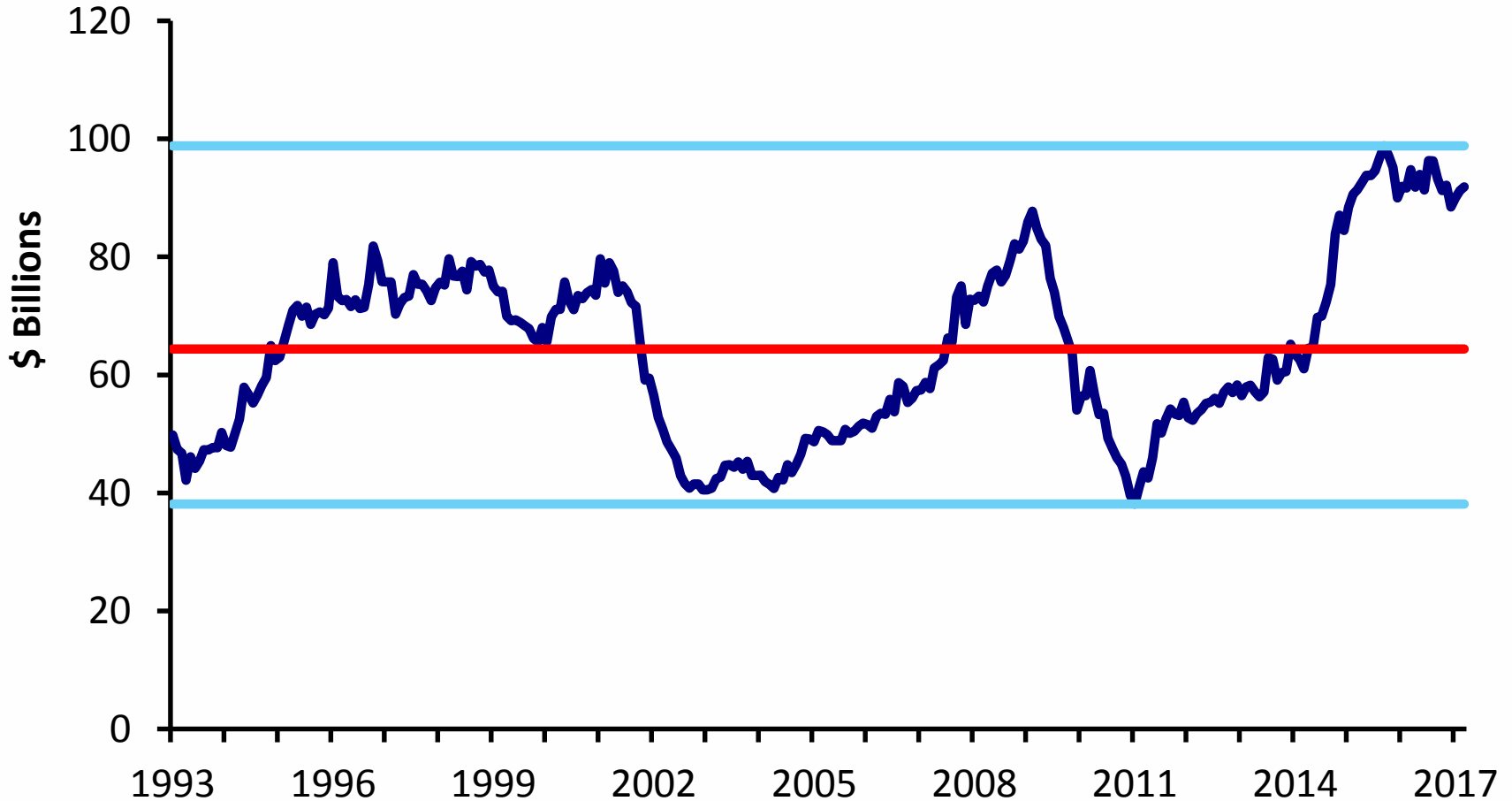
Data points through March 2017

# Real RCA Industrial Private Real Estate Values: Near Peak



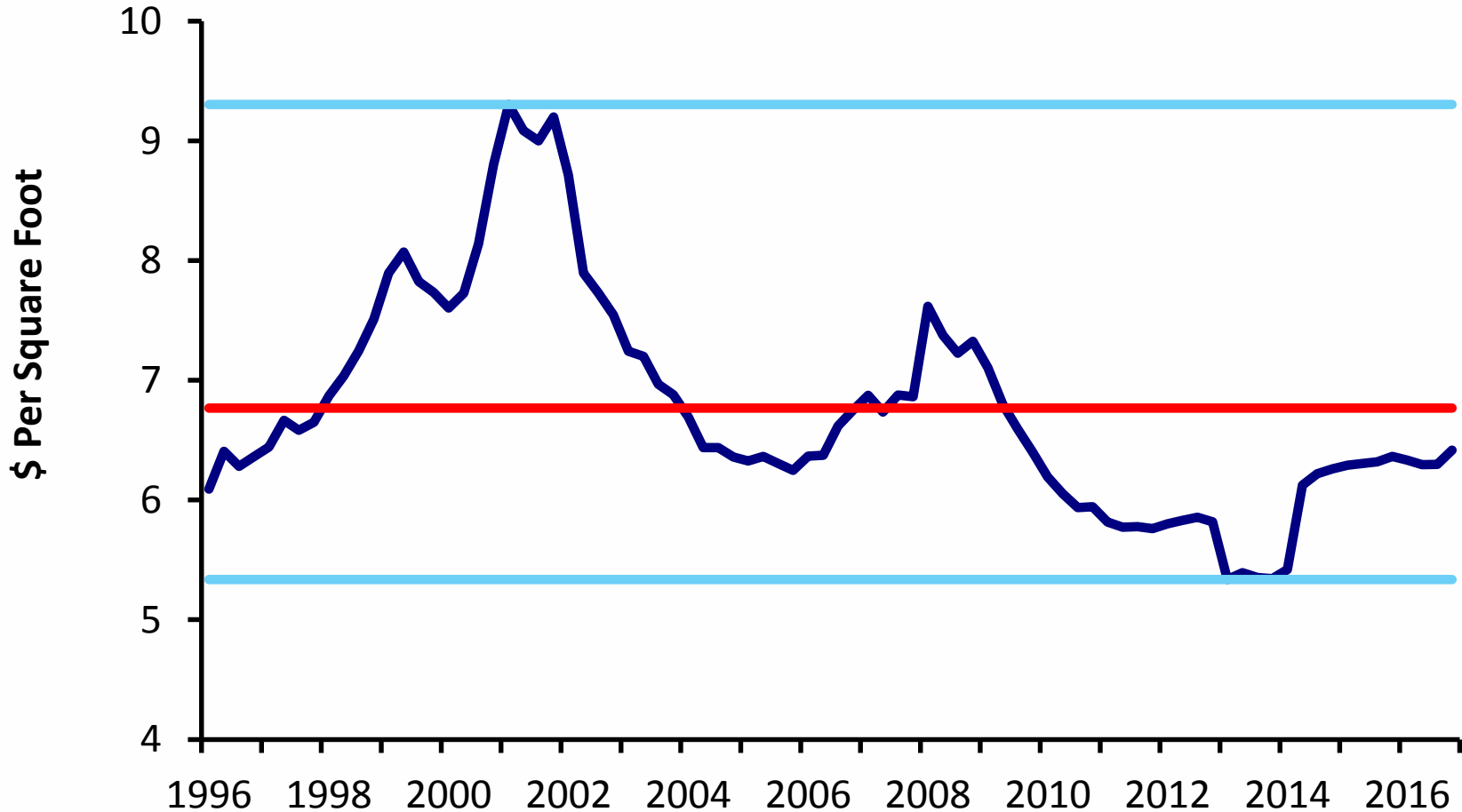
Data points through January 2017

# Industrial Construction: High And Declining



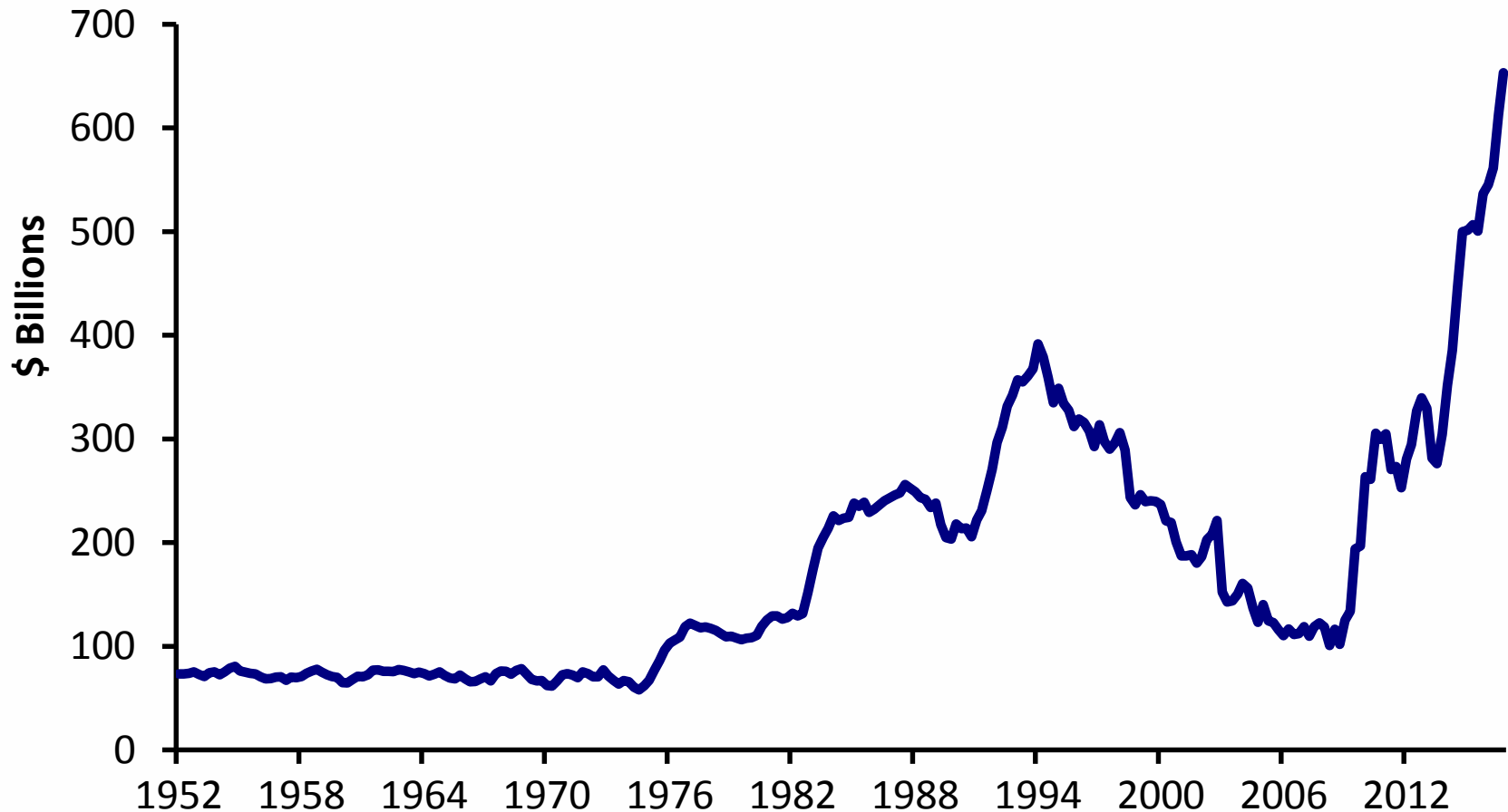
Data points through March 2017

# Real Industrial Rent: Below Average



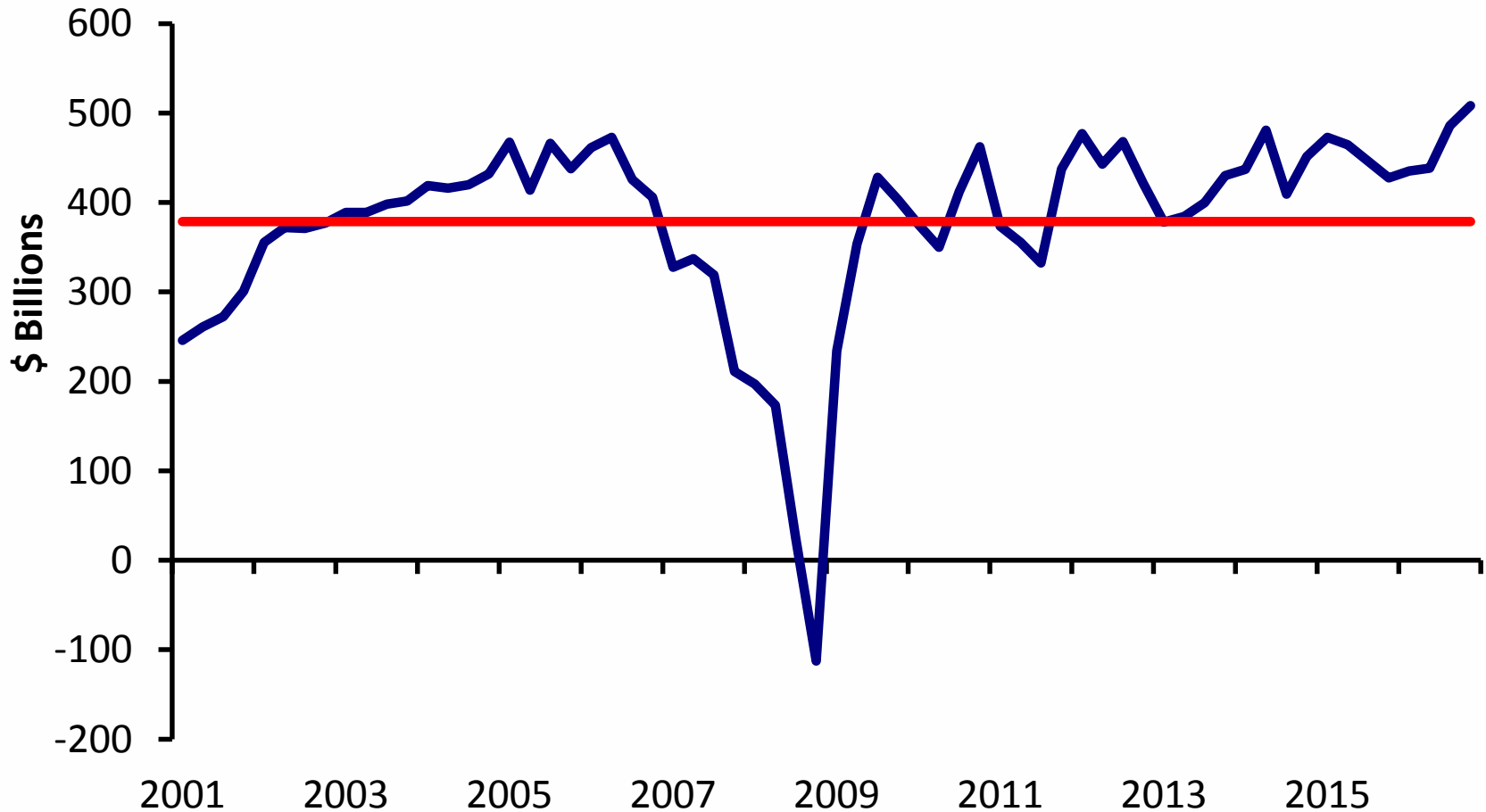
Data points through 4Q 2016

# U.S. Treasuries Held At Banks: U.S. Banks Are Stronger



Data points through 4Q 2016

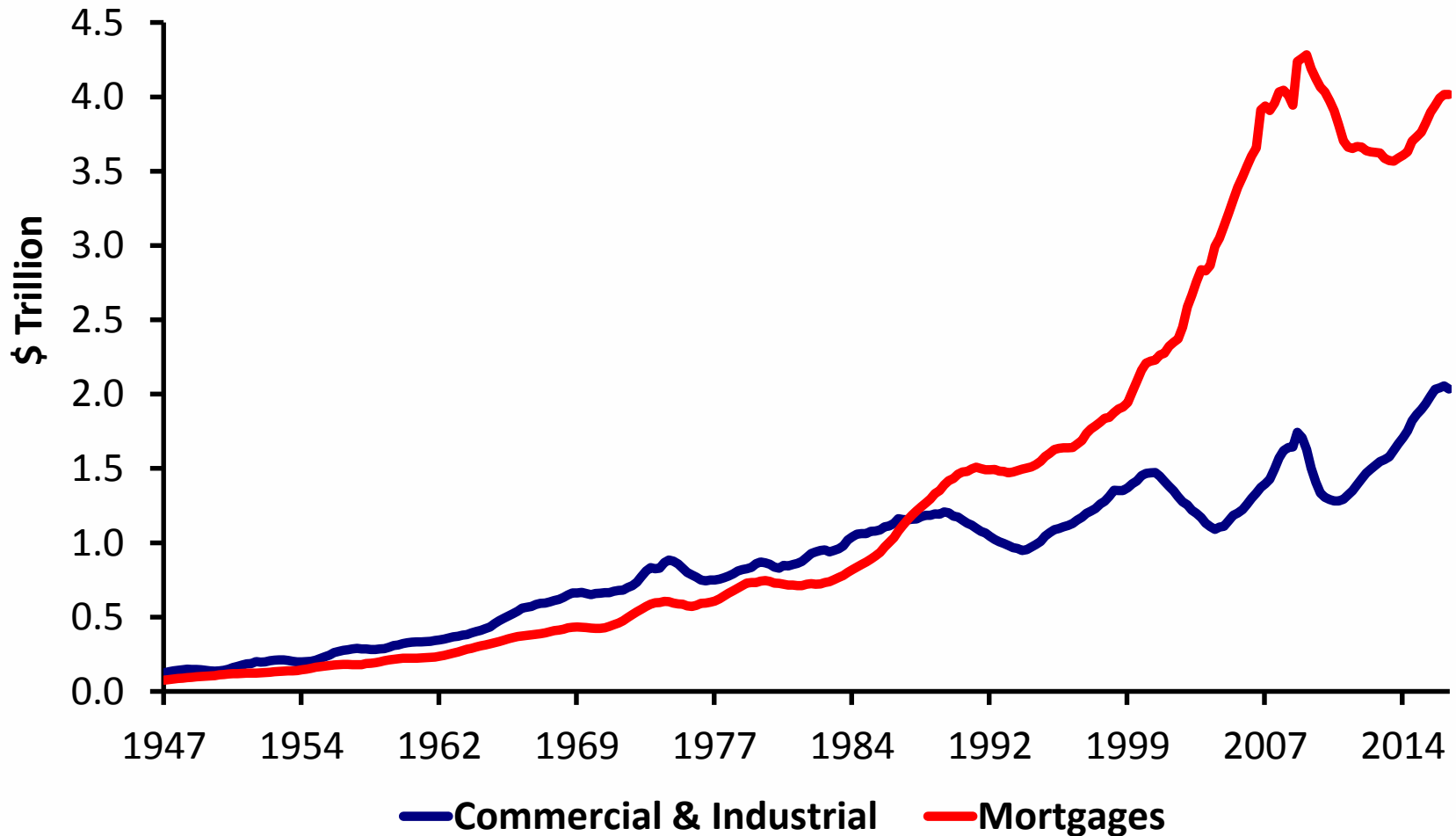
# Real Financial Sector Corporate Profits: Above Average But Flat



Data points through 4Q 2016

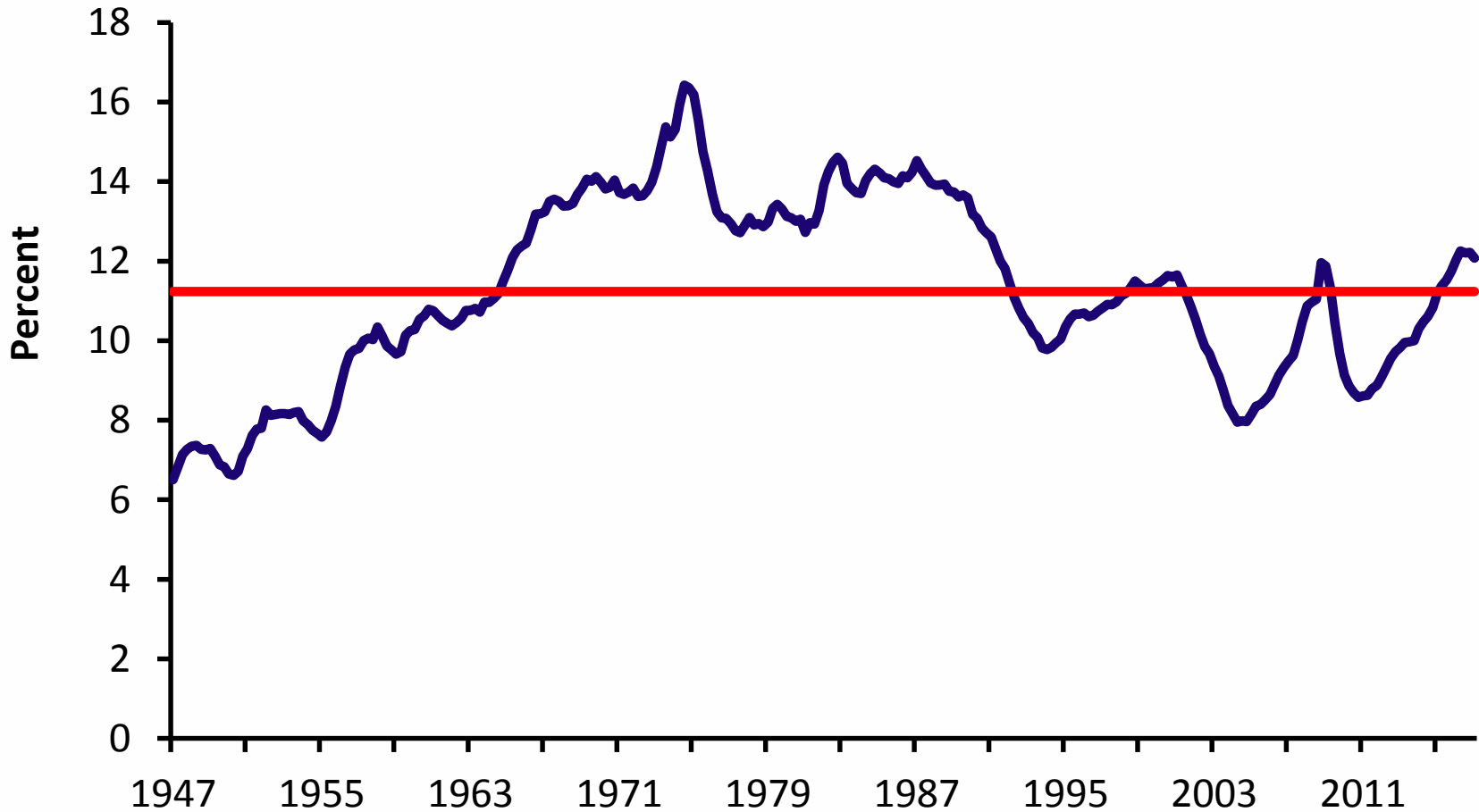


# Real Loans Held by Commercial Banks: Lending Restricted By Regs



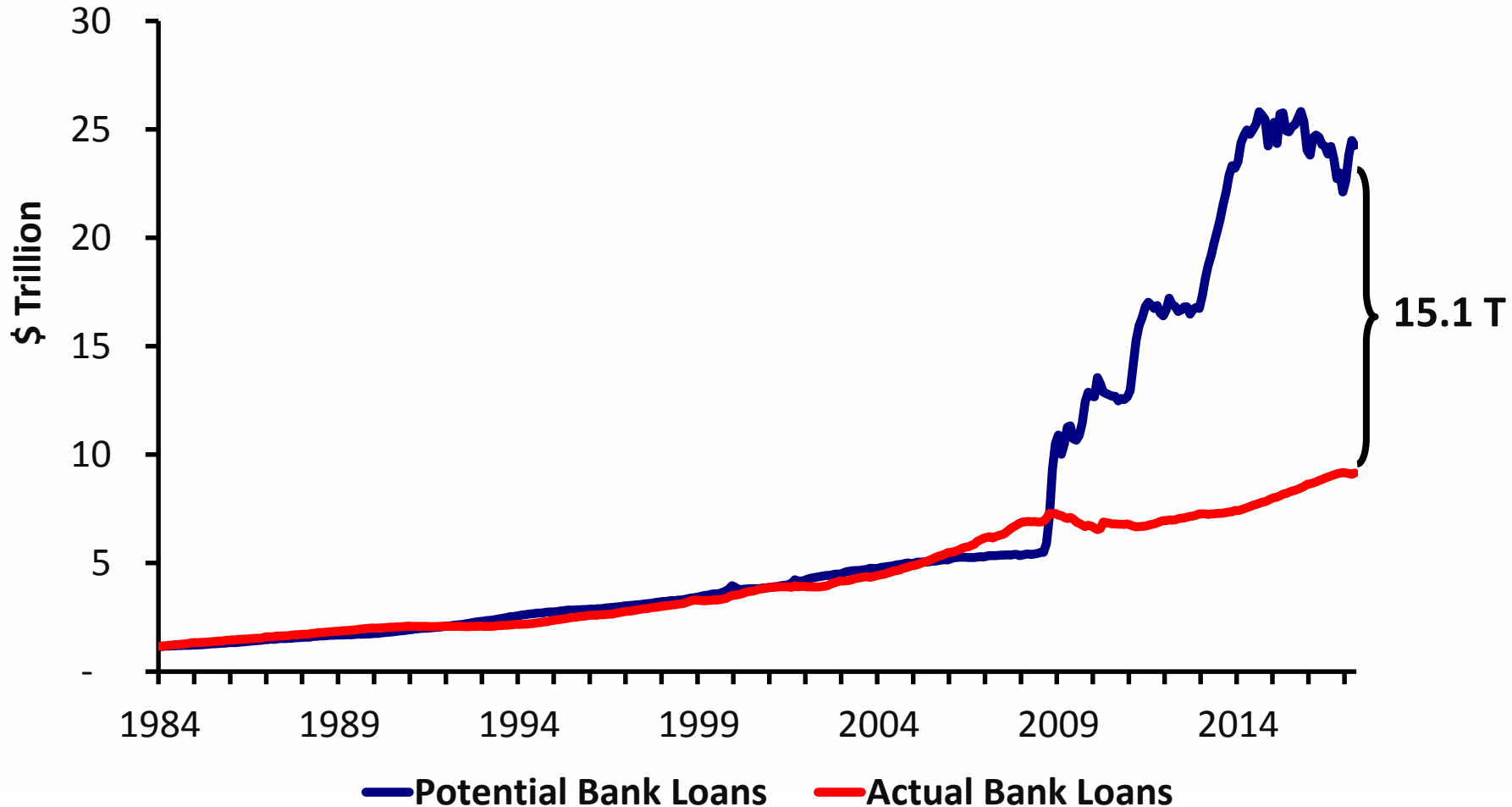
Data points through 1Q 2017

# Commercial Bank C&I Loans as Percent of Real GDP: About Average



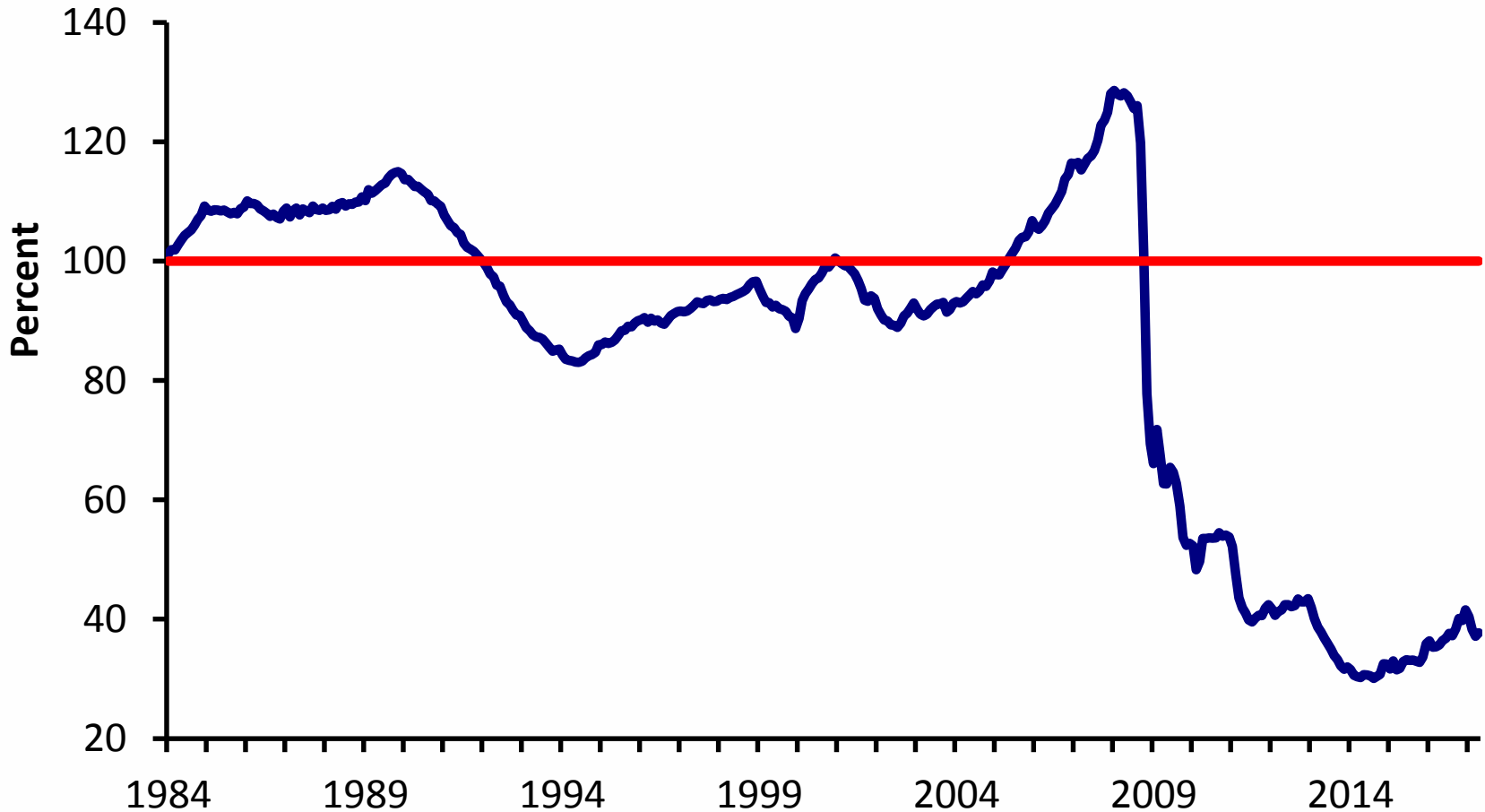
Data points through 1Q 2017

# Bank Unused Loan Capacity: Lots Of Lending Capacity



Data points through April 2017









# Actual Bank Loans as Percent of Potential Bank Loans: Near All Time Low



Data points through April 2017

# For Now Lots Of Canaries Are Still Chirping

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- PIK Debt 
- Massive mortgage growth 
- Spec development boom 
- First replaces mezz 
- Mezz replaces equity 
- Narrow spreads and rising LTVs 
- Record buyout deals 
- Empty space worth more than full space 

# Q & A

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Thank you for participating in the live webinar.

## **Inquiries:**

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*Real Estate Financial Modeling / Valuate* [sales@getrefm.com](mailto:sales@getrefm.com)

