U.S. REAL ESTATE CHARTBOOK

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AUSTIN | LOS ANGELES | ORLANDO | WASHINGTON, DC

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RCLCO is an independent consulting firm that exclusively provides real estate consulting services. With staff members in four U.S. locations, RCLCO provides consulting services in the areas of Institutional Advisory Services, Urban Development, Community and Resort Development, Public Strategies, and Strategic Planning and Litigation Support.

RCLCO's Institutional Advisory Services group provides services to commercial real estate owners in the areas of:

- Portfolio analysis, investment policies, and pacing plans
- Manager/operating partner selection
- Investment sourcing and hold/sell analyses
- Asset management
- Market analysis, target markets, and independent research

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SUMMARY POINT OF VIEW

THE RCLCO POINT OF VIEW, FEBRUARY 2017

- The previous RCLCO forecast, before the election, called for the increasing likelihood of a downturn sometime in the next 18 to 24 months. There remains considerable uncertainty about what exactly is in store for the U.S. economy and the real estate markets under a Trump presidency.

- On the one hand, there is a strong argument for the expansionary phase of the cycle lasting longer than this. The new administration is promising stimulus programs in the form of infrastructure investments, deregulation of financial markets, increased military spending, and various reductions to taxes, which, should they be enacted, would generally be good for industry and increase demand for real estate. While these measures could result in inflationary pressures which could raise the cost of capital, this outcome would generally be good for real estate, as well.

- On the other hand, while President Trump's proposed fiscal spending could stimulate further economic growth, there are those who argue that his mercurial character and still largely unknown (and possibly unsound) policy proposals—on top of political and societal turmoil elsewhere in the world—could introduce greater uncertainty and volatility into the system. A majority of the country's most prominent economists have banded together recently to say that the stock market has it wrong, and the president's policies will cause little additional growth in the U.S.

- What is most clear is that the outlook has become much less clear. The "base case" economic trend could indeed be more positive and for longer, but volatility and uncertainty increase the odds that an asset bubble or some other unanticipated disruptive exogenous event could derail the current U.S. positive growth trajectory.

- The RCLCO outlook remains positive, calling for moderate growth with potentially more volatility and uncertainty until the administration's intent and, more importantly, achievements become evident, and effects on the economy better understood. This scenario translates into a potentially longer lasting expansion for real estate investors, owners, and operators through 2019 and beyond. However, we advise everyone in the real estate industry to dust off contingency plans and revisit their cycle strategies to be able to react quickly to potential alternative outcomes. In short, while expecting positive overall economic and market conditions for the next year or two, we advise our clients to be prepared for a "surprise" as volatility and lack of predictability cannot be ruled out.

POINT OF VIEW FOR REAL ESTATE, FEBRUARY 2017

- Overall, real estate fundamentals—occupancy within markets, rental rate trends, and the pricing of buildings and portfolios—were positive in the 4th quarter of 2016.

- Multiple metrics and indicators suggest that we are in or nearing a "late stable" stage of the market cycle for most property types in most geographies. As discussed above, our "base case" scenario for real estate performance assumes that Trump presidency policies and actions extend these "late stable" conditions beyond 2017, though we also recognize that the new administration's policies and approach to governing introduces greater economic and societal uncertainty and volatility. The likelihood that "left tail" events occur has therefore probably increased.

- Recent property and capital market trends suggest the following near-term (~12 month) high-level conclusions for U.S. real estate:
  - Property market fundamentals: Economic and demographic drivers are still increasing demand, though construction activity is catching up; as inventory nears equilibrium, NOI growth is positive but moderating.
  - Capital market fundamentals: On balance, countervailing trends are creating neutral to slightly negative pressures on pricing, but Trump presidency policies and actions could significantly impact both equity and debt investor appetites in coming months (particularly from foreign sources):
    - *Equity*: Though it continues to moderate, the amount of capital seeking investments exceeds available opportunities, creating continued slightly *upward* pressure on pricing for desired markets and products.
    - *Debt*: Demand for debt likely exceeds the amount lenders are willing to supply, and lenders' cost of capital likely increases this year along with the Federal Funds Rate. Both trends create upward pressure on interest rates—and therefore *downward* pressure on pricing. Potential deregulation, however, could meaningfully impact lender appetite and activities.

- On balance, we anticipate positive, though moderating, operating and investment performance for 2017 resulting largely from healthy property market fundamentals. Current capital market dynamics are maintaining sufficient levels of liquidity and holding pricing steady—but require close monitoring as we witness the implications of Trump presidency policies and actions this year.

REAL ESTATE PERFORMANCE INDICATORS AND IMPLICATIONS, FEBRUARY 2017

	DRIVERS/INDICATORS (EXAMPLES)	IMPACT ON PERFORMANCE/PRICING	IMPLICATIONS

Property Market Fundamentals

Demand	• Employment • Household formation • Consumer spending	**Positive** **(Job, population, spending growth enhance demand)**	**Fundamentals healthy and improving, but at moderating rates**
Supply	• Occupancy • Construction	**Neutral** **(Construction leads to stabilizing occupancies)**	

Capital Market Fundamentals

Equity	Demand (Buyers)	• Fundraising/“dry powder” • Qualified offers per transaction	**Slight Positive** **(Plenty of dry powder, but fundraising is slowing)**	**Currently, neutral overall pressure on asset pricing from capital markets, but 2017 will likely be a dynamic year**
	Supply (Sellers)	• Transaction volume trends		
Debt	Demand (Borrowers)	• Fundraising/“dry powder”	**Slight Negative** **(Currently a “lender’s market,” but deregulation could turn this around)**	
	Supply (Lenders)	• Lending standards • Interest rates/spreads		

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INDICATORS AND IMPLICATIONS BY PROPERTY TYPE, FEBRUARY 2017

Multifamily

Property: Supply reaching equilibrium in most markets, for most product types; expect record NOI growth to moderate.

Capital: Generally more capital available for MF than other property types thanks to GSEs, though expect slowing appetite as fundamentals moderate.

Office

Property: Operating performance improving as job growth helps office recover from Recession; threatened by construction in many markets (and by structural changes in how we use office space).

Capital: Continues to be abundant for quality buildings in "Gateway" CBDs and is now (cautiously) chasing yield in lesser quality assets and locations

Retail

Property: Very limited construction activity is benefitting operating performance, but certain retail types and locations may suffer from "structural obsolescence," thanks primarily to e-commerce.

Capital: Investor appetite insatiable for "trophy" malls and well-located grocery-anchored centers, but muted for retail types facing threats (obsolete malls, power centers).

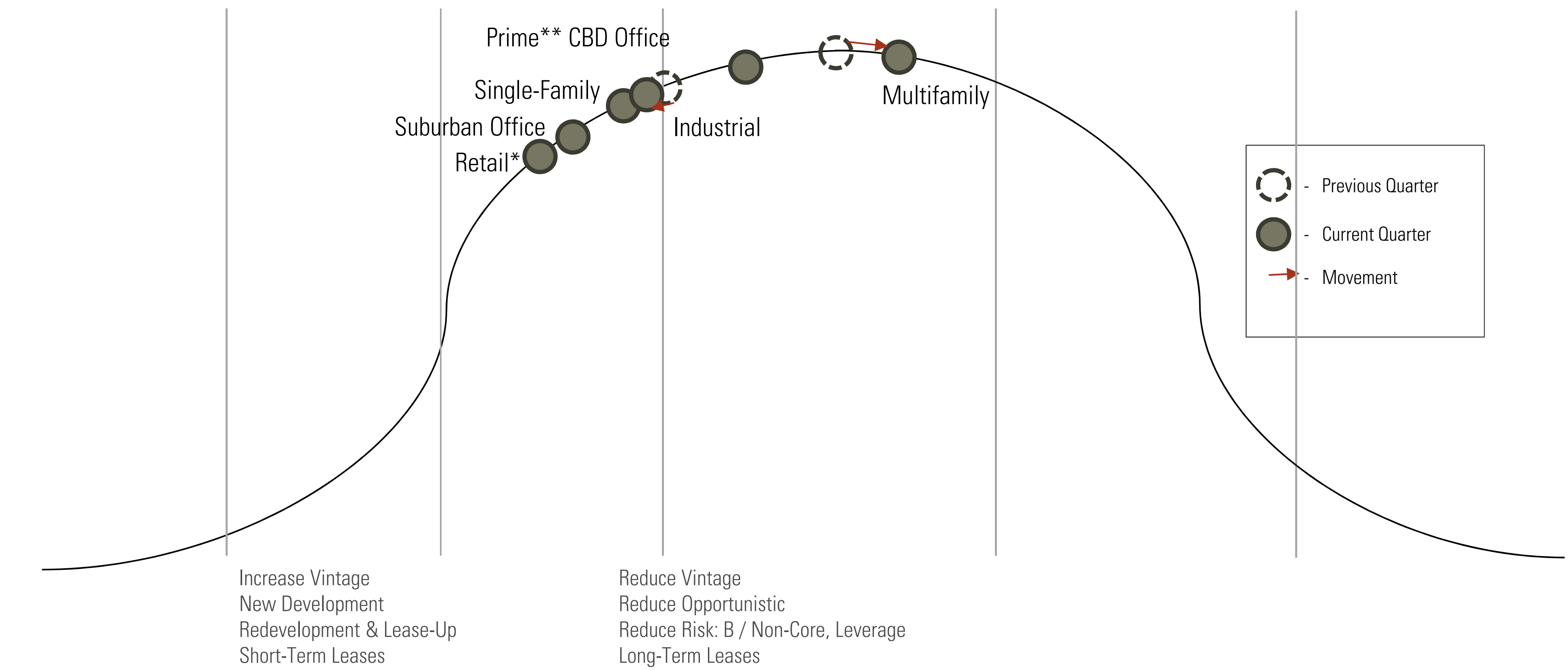
Industrial

Property: The healthiest major property sector as demand continues to outpace new supply deliveries.

Capital: Continued growth in capital interest for industrial as investors view past performance and perceive structural changes in shopping patterns.

MINIMAL MOVEMENT SINCE 3Q 2016, EXCEPT FOR MULTIFAMILY

Occupancy Low	Occupancy Rising	Occupancy Rising	Occupancy High	Occ. Above Average	Occupancy Low
Demand Improving	Demand Improving	Demand Improving	Occupancy Flattening	Occupancy Falling	Occ. Flat to Down
Rents Flat to Down	Rents Rising	Rents Rising	Rents Flattening	Rents Falling	Rents Flat to Down
No Construction	Limited Construction	Construction	Construction	Construction	No Construction

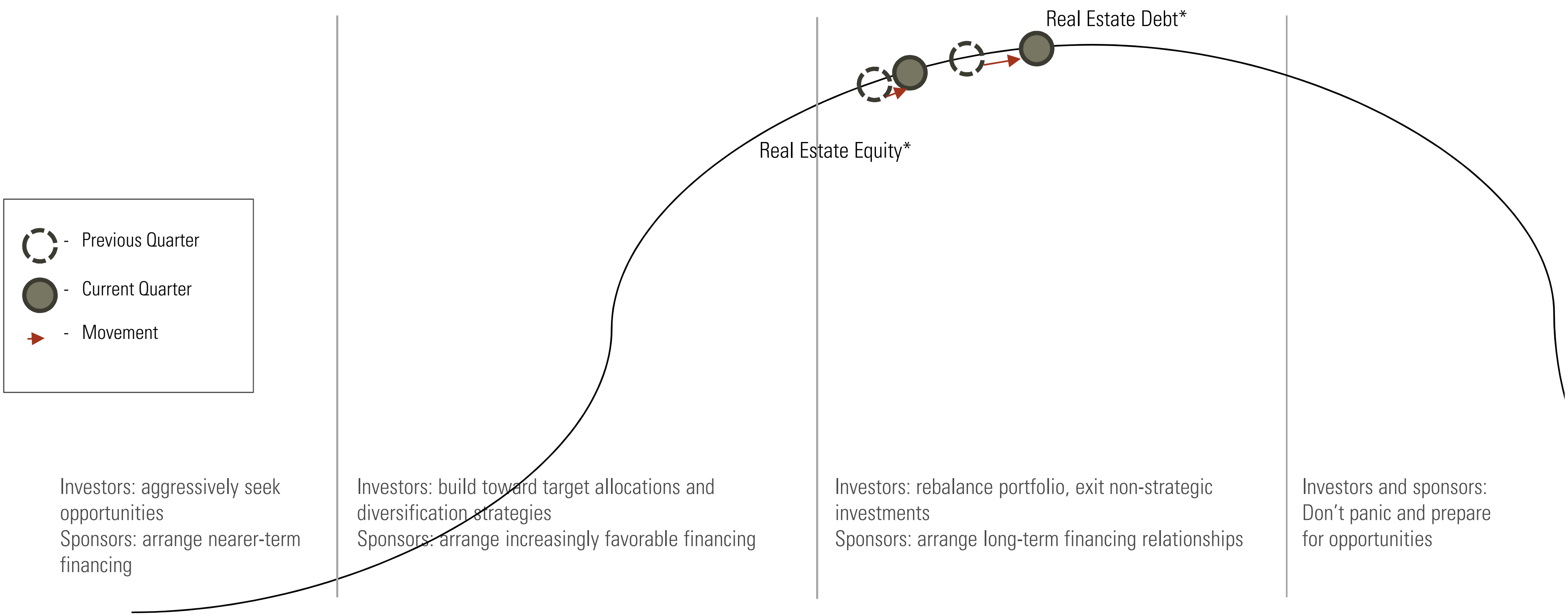


**neighborhood & community centers*
***includes New York, Washington, DC, San Francisco, Seattle, Los Angeles, and Boston*
Source: RCLCO

CAPITAL MARKETS LIKEWISE NEARING MATURITY

— ESPECIALLY FOR STABLE ASSETS

High Cost of Capital	Cost of Capital Declining	Low Cost of Capital (Below Avg. Spreads to Risk Free)	Cost of Capital Uncertain
Terms/Control Favor Investor/Lender	Terms/Control More Balanced Between Sponsor/Borrower and Investor/Lender	Terms/Control Favor Sponsor/Borrower	Investors/Lenders Seizing Control
Low (Emerging) Liquidity	Growing Liquidity: Greater Availability and Diversity of Capital Sources	High Liquidity	No Liquidity
Low Asset Pricing	Asset Prices Grow and to Exceed Previous Peak	High Asset Pricing (Above Avg. Spreads)	Uncertain Asset Pricing



Investors: aggressively seek opportunities Sponsors: arrange nearer-term financing	Investors: build toward target allocations and diversification strategies Sponsors: arrange increasingly favorable financing	Investors: rebalance portfolio, exit non-strategic investments Sponsors: arrange long-term financing relationships	Investors and sponsors: Don't panic and prepare for opportunities

* *Debt and equity are less "mature" for perceived higher risk investments, such as development or assets in secondary/tertiary locations.*

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INVESTMENT FUNDAMENTALS OVERVIEW

CONTINUED POSITIVE EMPLOYMENT GROWTH NATIONWIDE;

SIGNIFICANT Q4 WAGE GROWTH OF 0.74% IS WELL ABOVE THE POST-RECESSION AVERAGE

Source: Moody's Economy.com; St. Louis Federal Reserve

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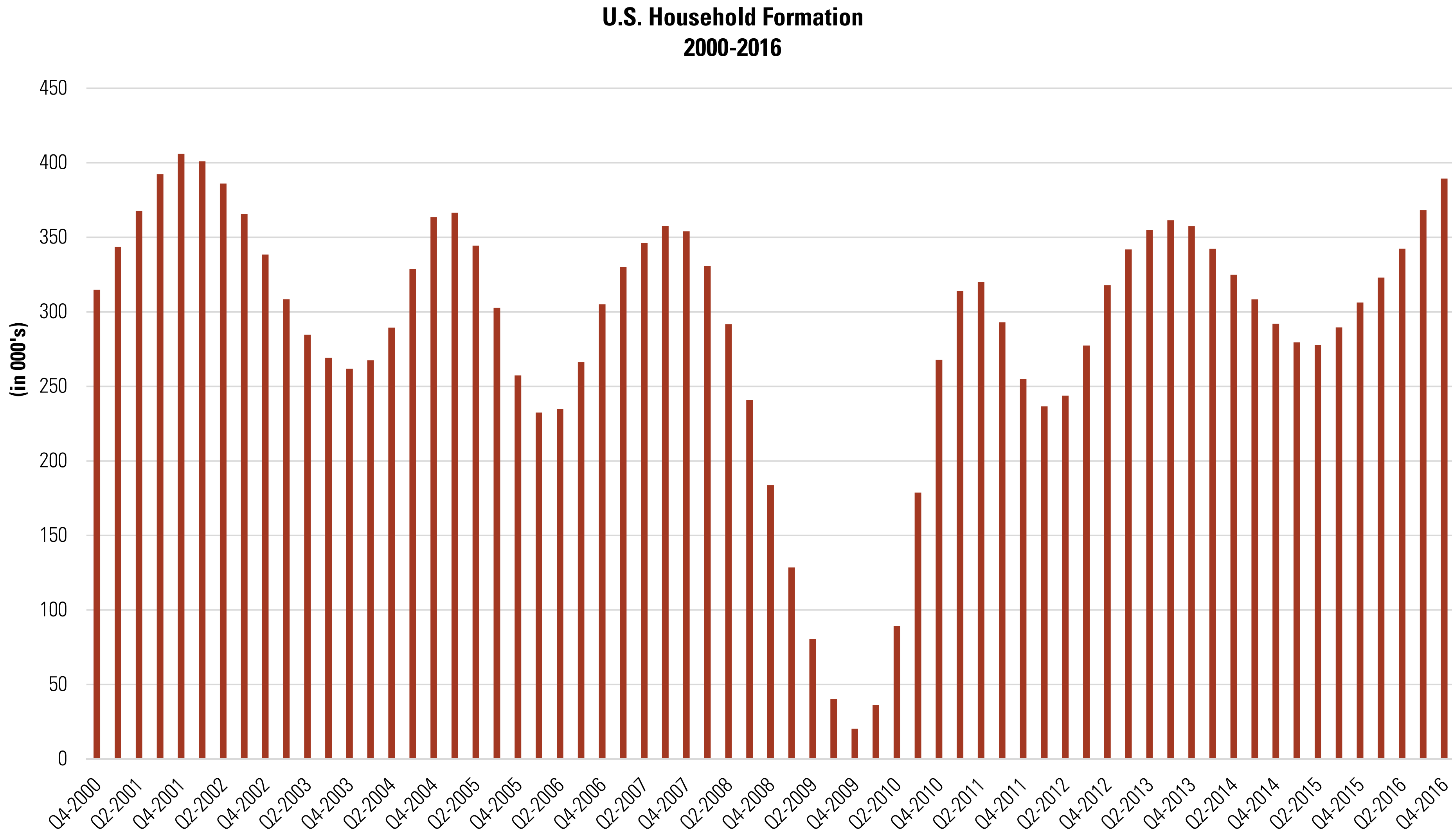
HOUSEHOLD FORMATION STEADILY INCREASING NATIONWIDE



Source: Moody's Economy.com

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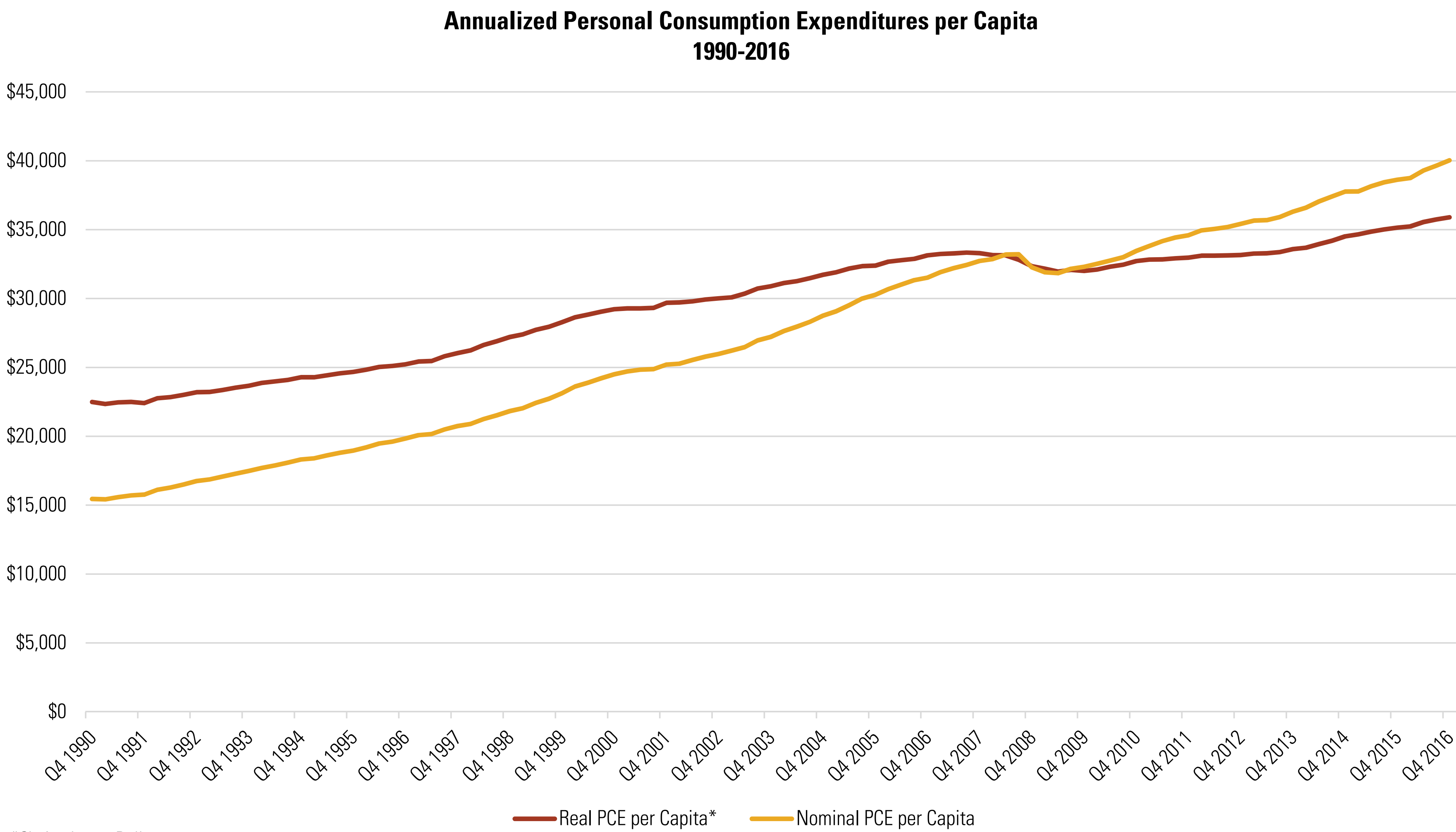
PER CAPITA SPENDING CONTINUES TO GROW, SHOWING SIGNS OF INCREASED CONSUMER CONFIDENCE



**Chained 2009 Dollars*
Source: St. Louis Federal Reserve

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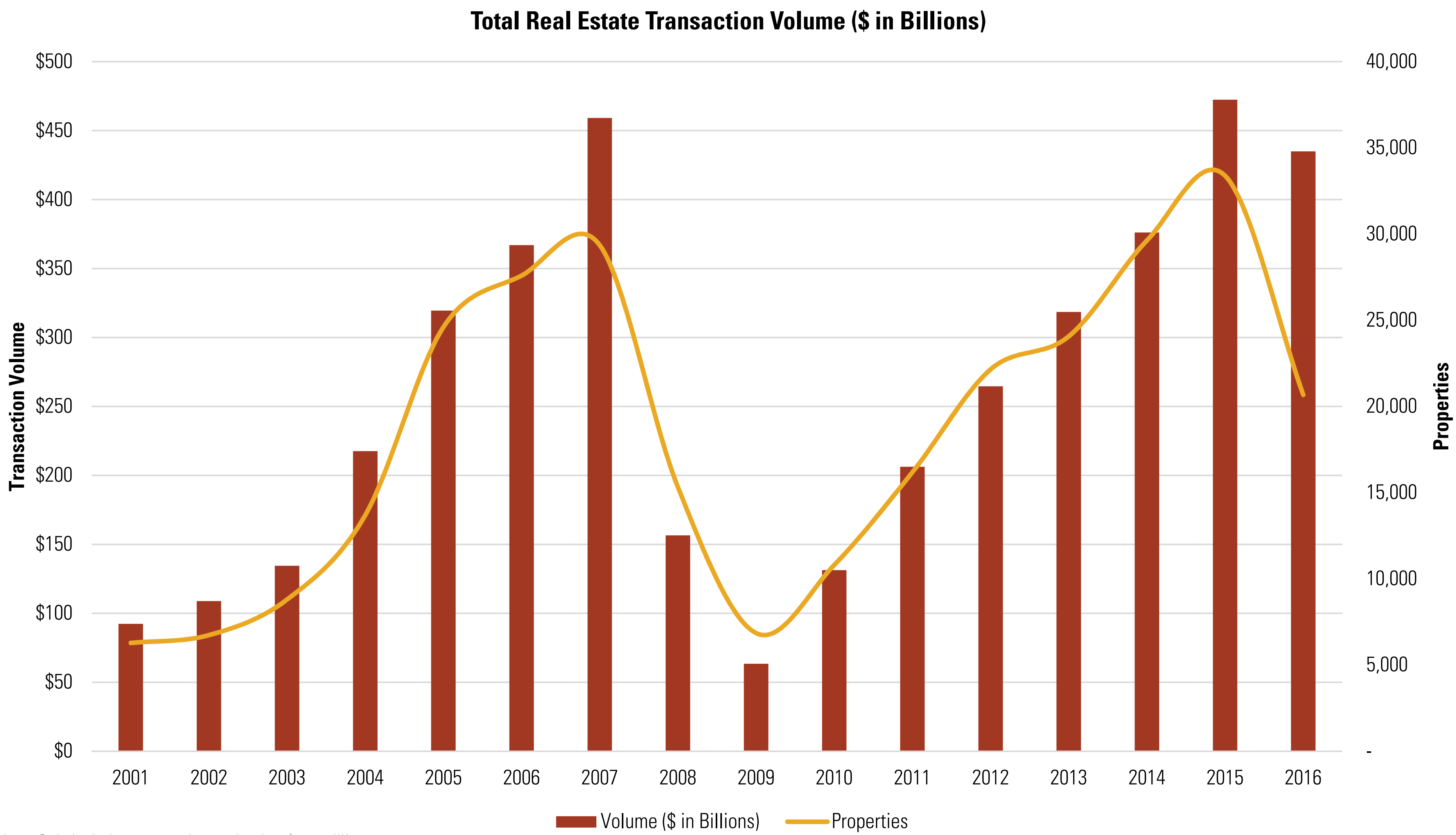
2016 OVERALL TRANSACTION VOLUME DOWN FROM A RECORD 2015,

BUT THE 2016 AVERAGE PRICE PER PROPERTY WAS NEARLY 50% HIGHER

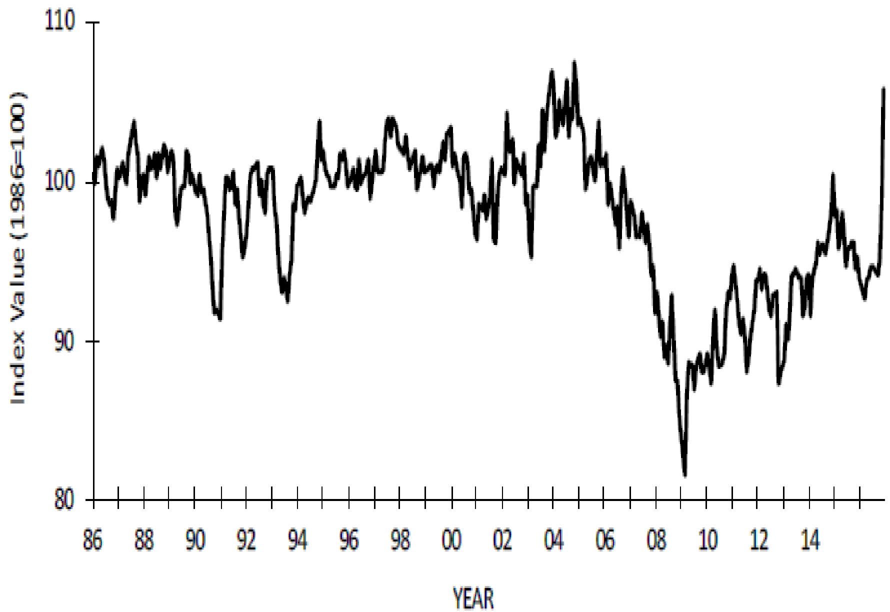


Note: Only includes transactions valued at $2.5 million or greater
Source: Real Capital Analytics (RCA)

SMALL BUSINESS OWNERS AND ECONOMISTS HAVE DIVERGING VIEWS ON THE IMPACTS OF A TRUMP PRESIDENCY

(THOUGH MAY BE FOCUSED ON DIFFERENT TIME FRAMES)

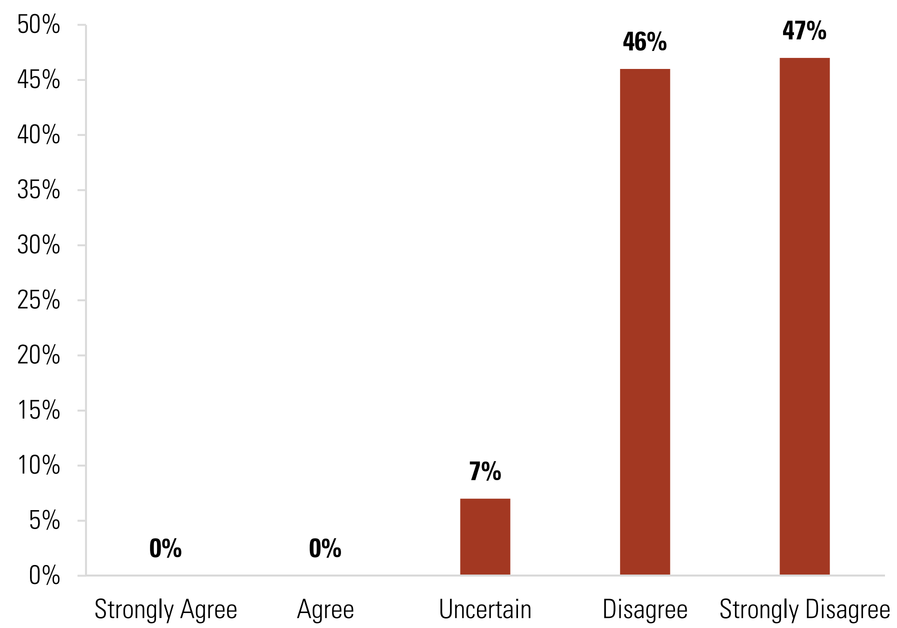
Small Business Optimism Index



Note: Index is based on ten survey indicators and is seasonally adjusted such that 1986 = 100.
Source: National Federation of Independent Business Optimism Index

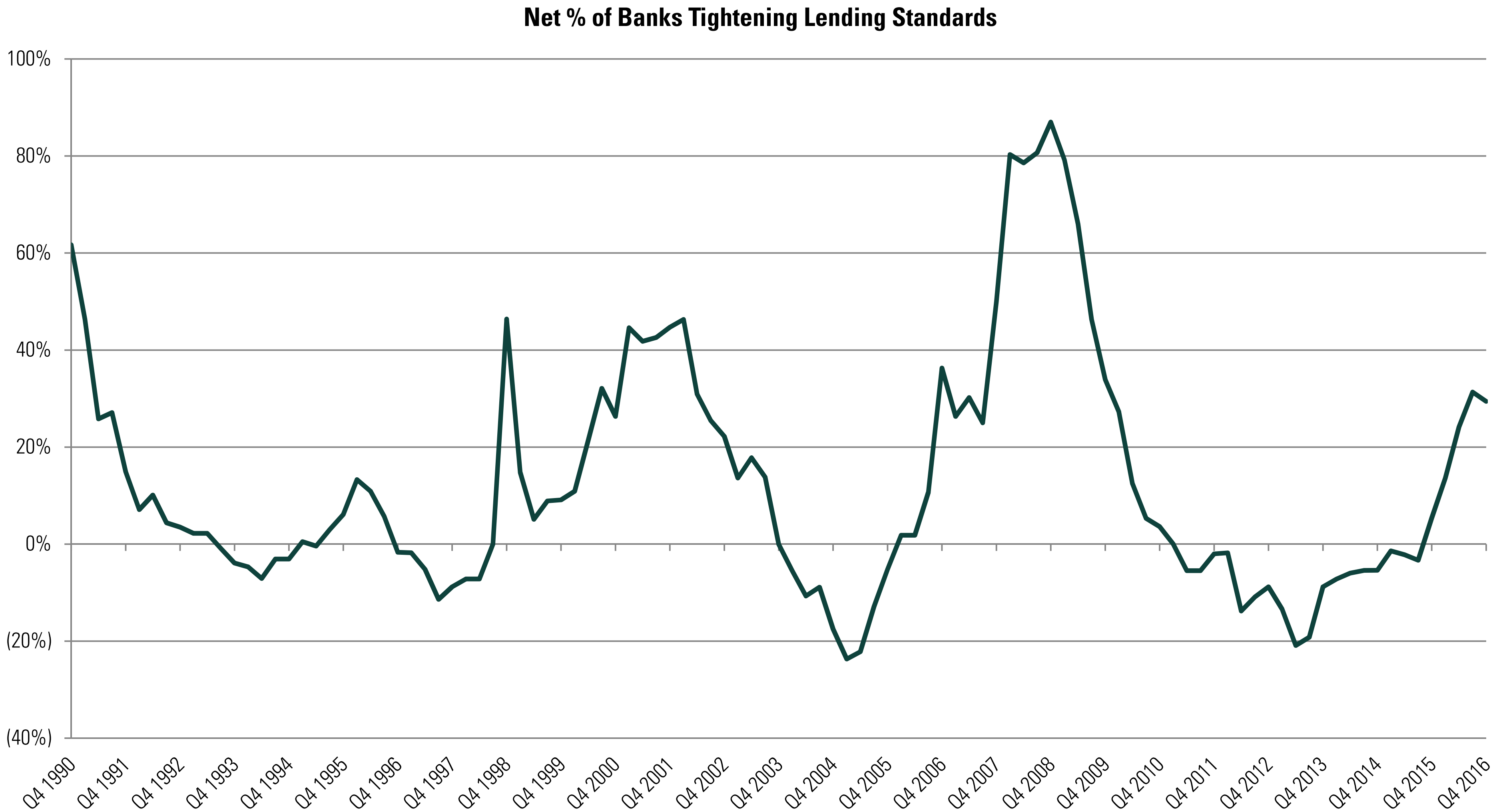
Economists' responses to the following question:

If all of the "seven actions to protect American workers" in President-elect Trump's 100-day plan are enacted, it will, more likely than not, improve the economic



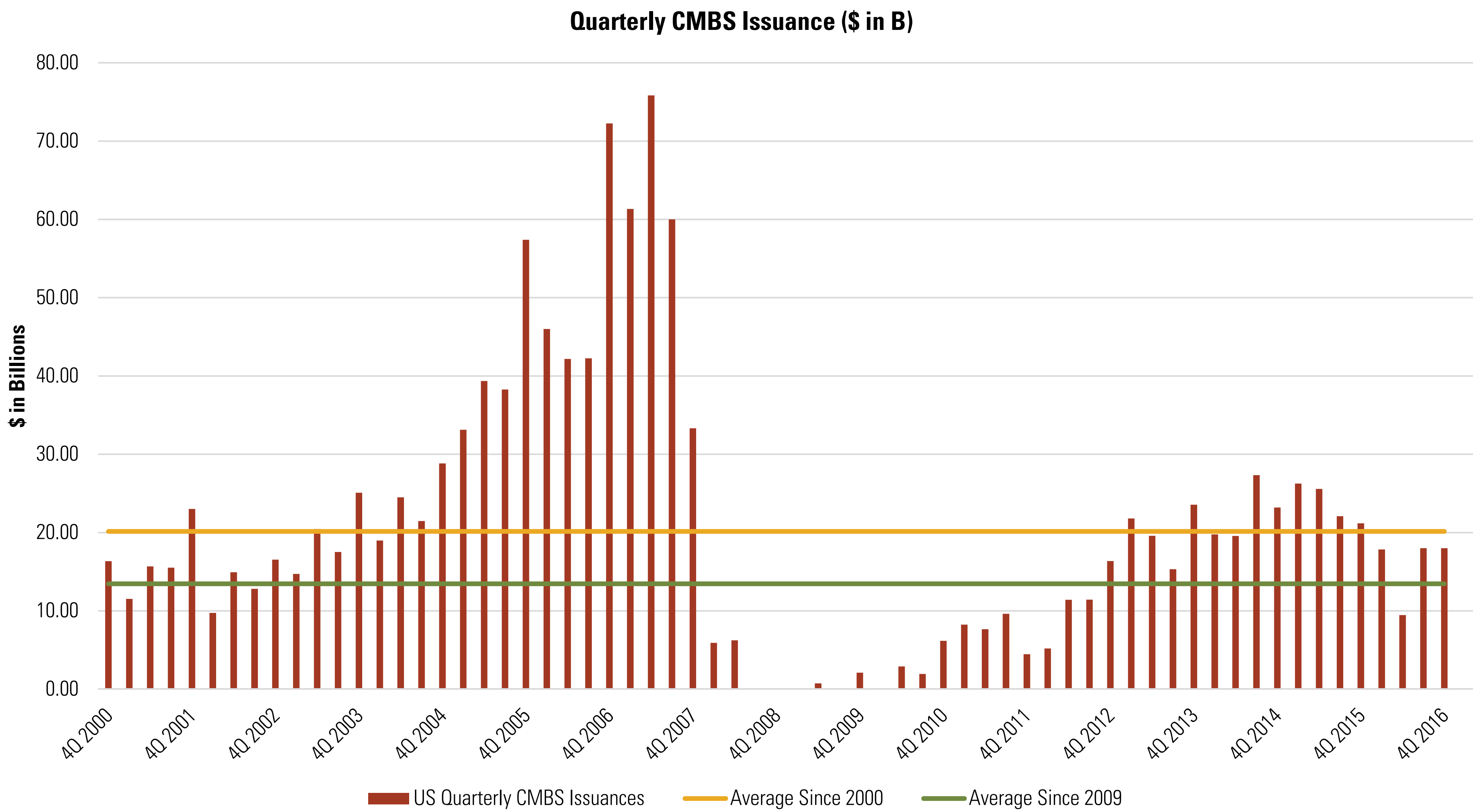
Note: Responses are weighted by each expert's confidence in their answer. Confidence was ranked on a scale of 1 – 10.
Source: Initiative on Global Markets Economic Experts Panel

BANKS STILL IN TIGHTENING MODE



Note: As of Q4 2013, the U.S. Federal Reserve separated this data into three categories (construction/development, nonfarm nonresidential, and multifamily residential), depending on the type of structure for which the loan is intended. For these time periods, the data shown on the graph represents the average of these three categories.
Source: U.S. Federal Reserve; RCLCO

QUARTERLY CMBS ISSUANCES REMAIN UNCHANGED;
STILL ABOVE THE POST-RECESSION AVERAGE



Source: Commercial Real Estate Finance Council

CMBS SPREADS NARROWED IN 2016, LARGELY DUE TO INCREASING TREASURY YIELDS; UNLIKELY "A" BOND YIELDS CAN GO MUCH LOWER

U.S. CMBS Spread to Treasuries

Source: Commercial Real Estate Finance Council; JP Morgan; Urban Land Institute (ULI); RCLCO

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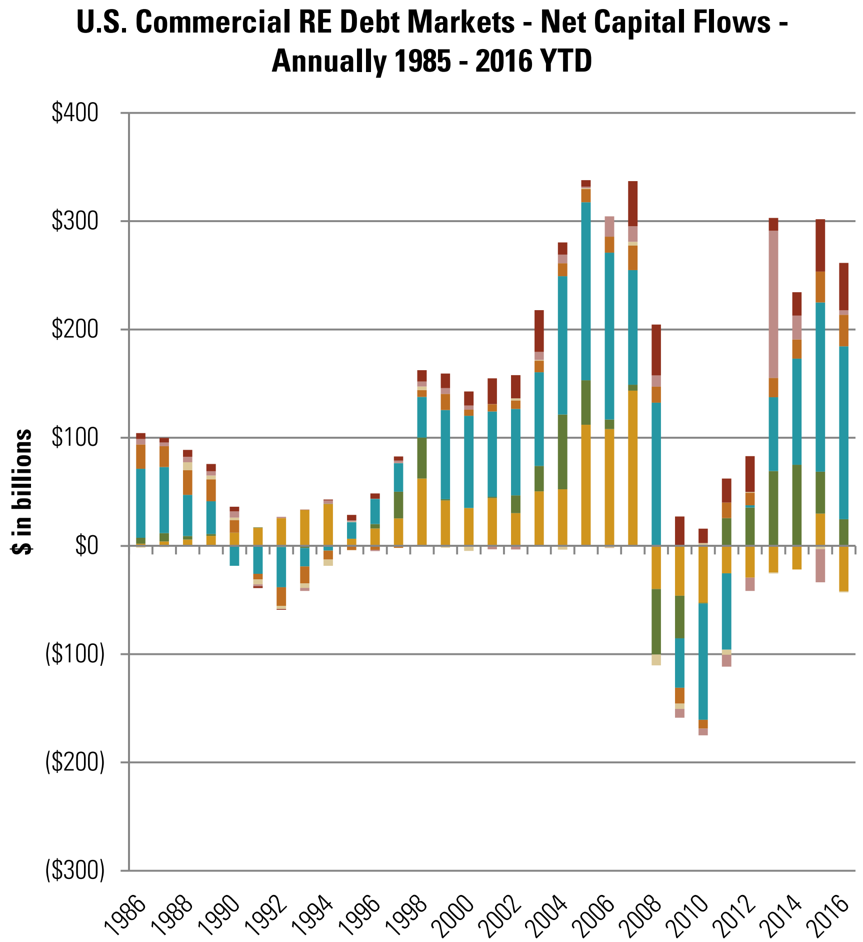
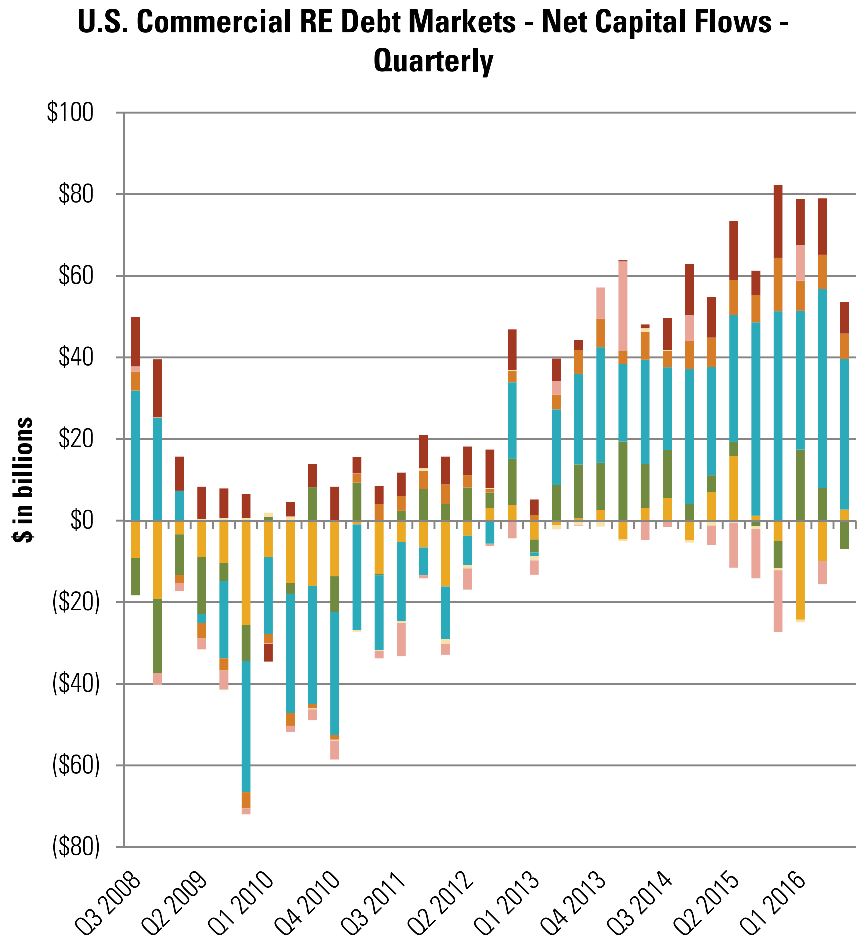
REAL ESTATE DEBT FLOWS DECLINING SLIGHTLY DESPITE HIGH TRANSACTION VOLUME; COMMERCIAL BANKS REMAIN PRIMARY LENDERS

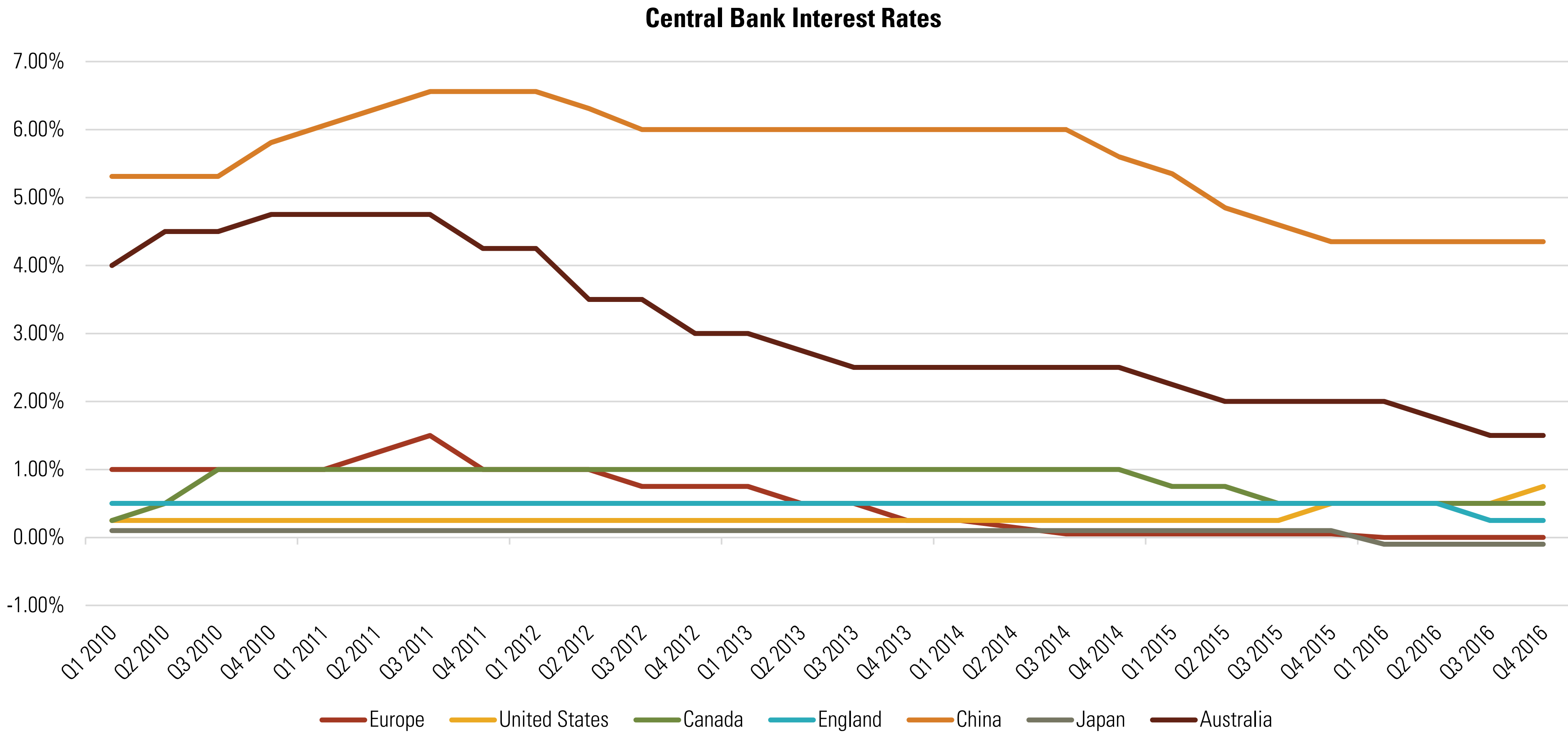




CMBS | Unsecured REIT Debt | Commercial Banks/Savings | Life Insurance Companies | Pension Funds | Other | GSEs

Note: Federal Reserve Data releases lag by one quarter. As of Q4 2016, the most recent data is as of Q3 2016.
Source: U.S. Federal Reserve; National Association of Real Estate Investment Trusts (NAREIT); RCLCO

WITH THE EXCEPTION OF THE FED, GLOBAL CENTRAL BANK INTEREST RATES REMAINED STEADY IN Q4



	Europe	United States	Canada	England	China	Japan	Australia
Current Rate	0.00%	0.75%	0.50%	0.25%	4.35%	-0.10%	1.50%

Source: FXStreet.com

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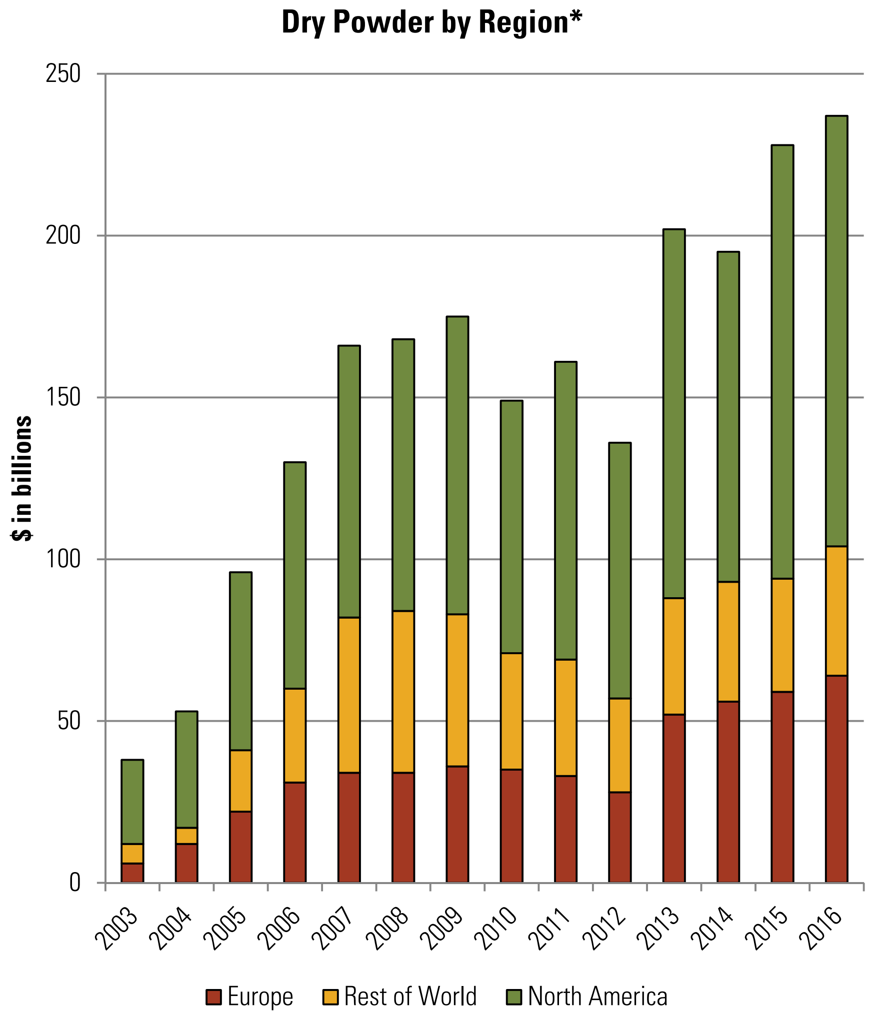
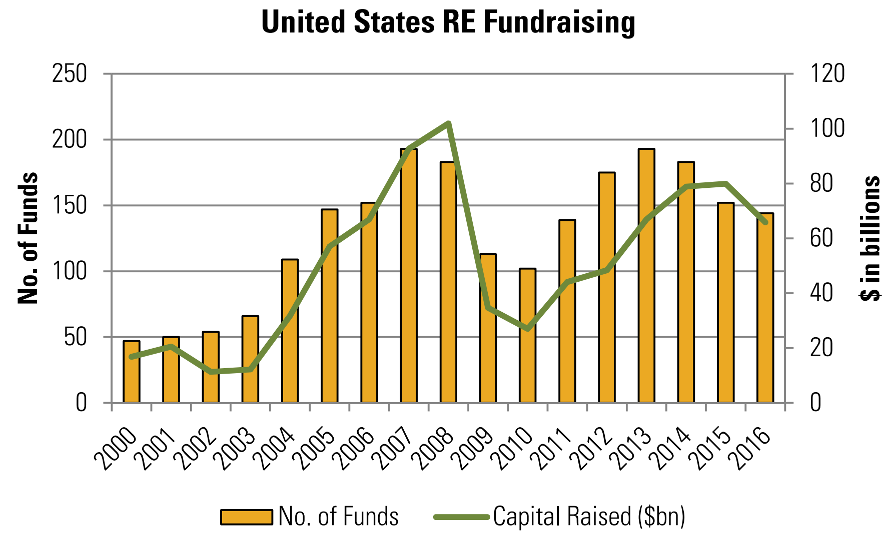
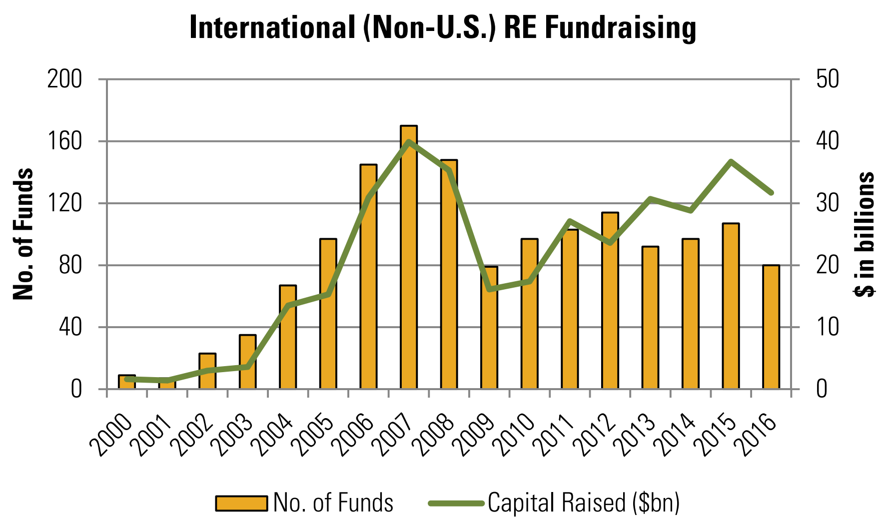
EQUITY "DRY POWDER" IS STILL ABUNDANT, THOUGH FUNDRAISING SLOWED IN 2016



**Private equity cash reserves held to fund future obligations*
Source: Preqin; RCLCO





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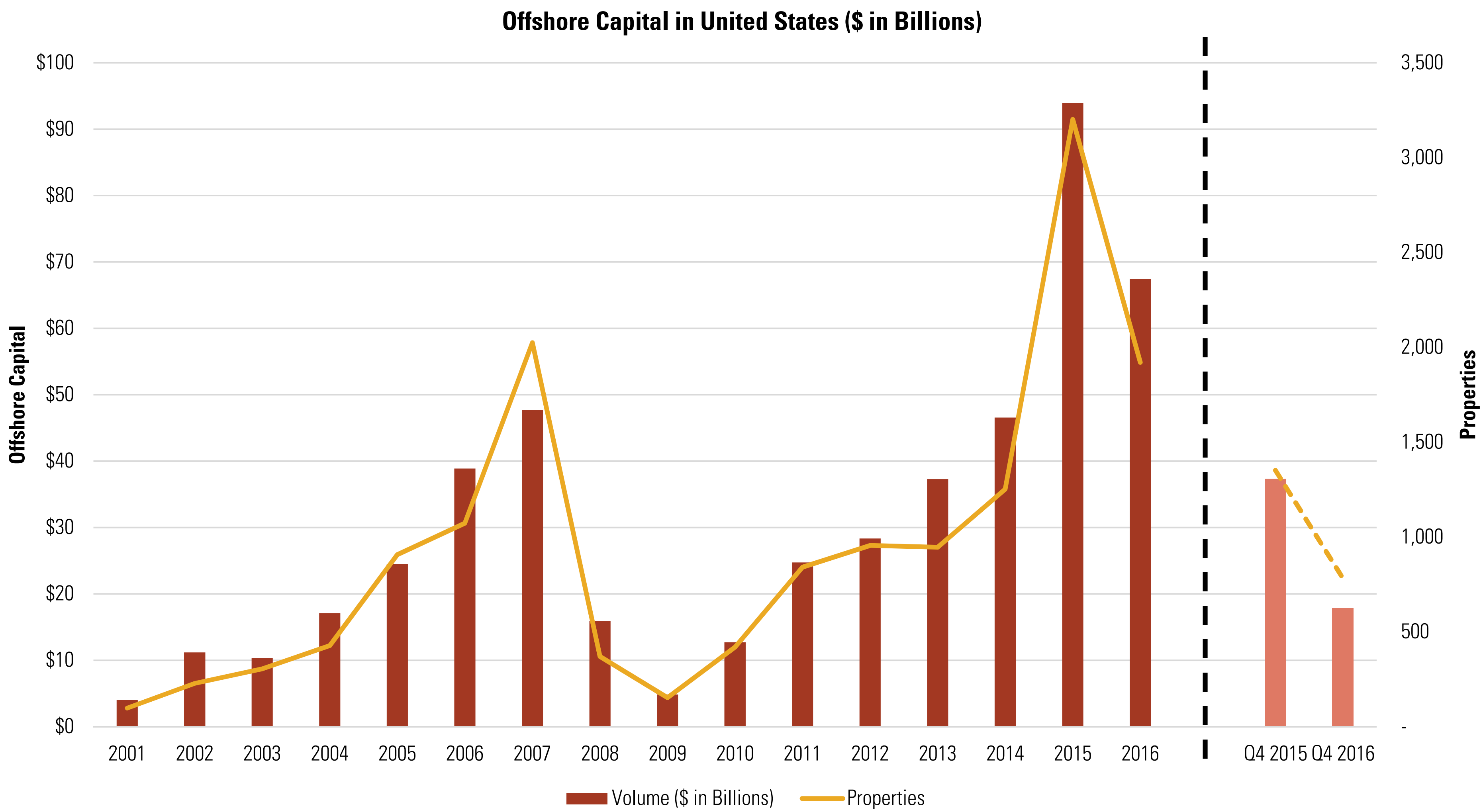
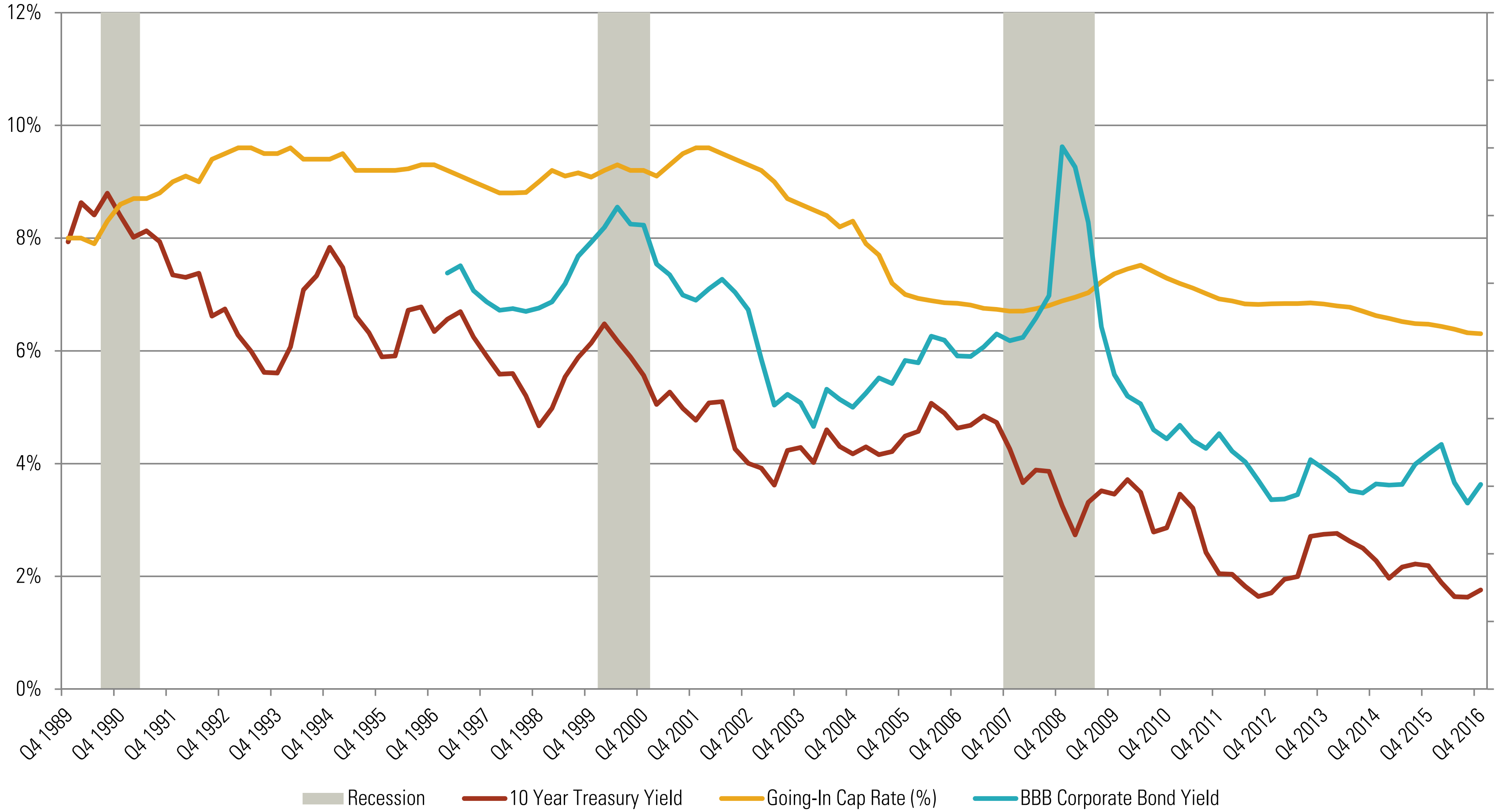
2016 OFFSHORE TRANSACTION VOLUME BELOW 2015;

PRIMARILY THE RESULT OF SLOWER Q4 2016



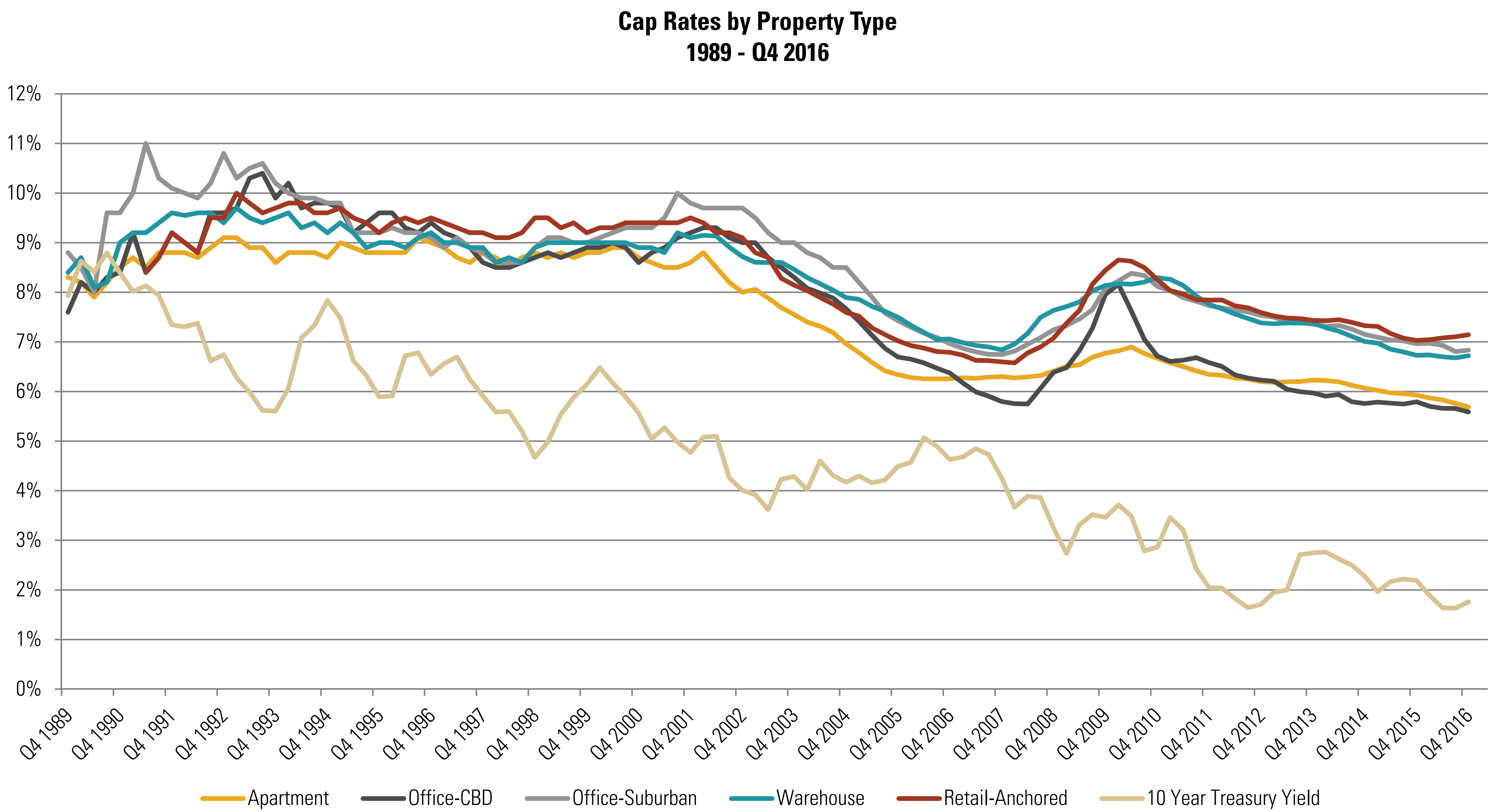
Note: YTD data represents transactions occurring between January 1st and October 24th of 2015 and 2016
Source: RCA

CAP RATES CONTINUE TO COMPRESS, BUT NEED TO WATCH SPREADS TO 10-YEAR TREASURIES AND OTHER BENCHMARKS IN 2017



Source: U.S. Federal Reserve; Real Estate Research Corporation (RERC); RCA; Federal Reserve Bank of St. Louis; RCLCO

CONTINUED CAP RATE COMPRESSION THANKS TO APARTMENTS AND CBD OFFICE; STILL 100 BASIS POINTS LOWER THAN OTHER PRODUCT TYPES



Source: RERC; RCA

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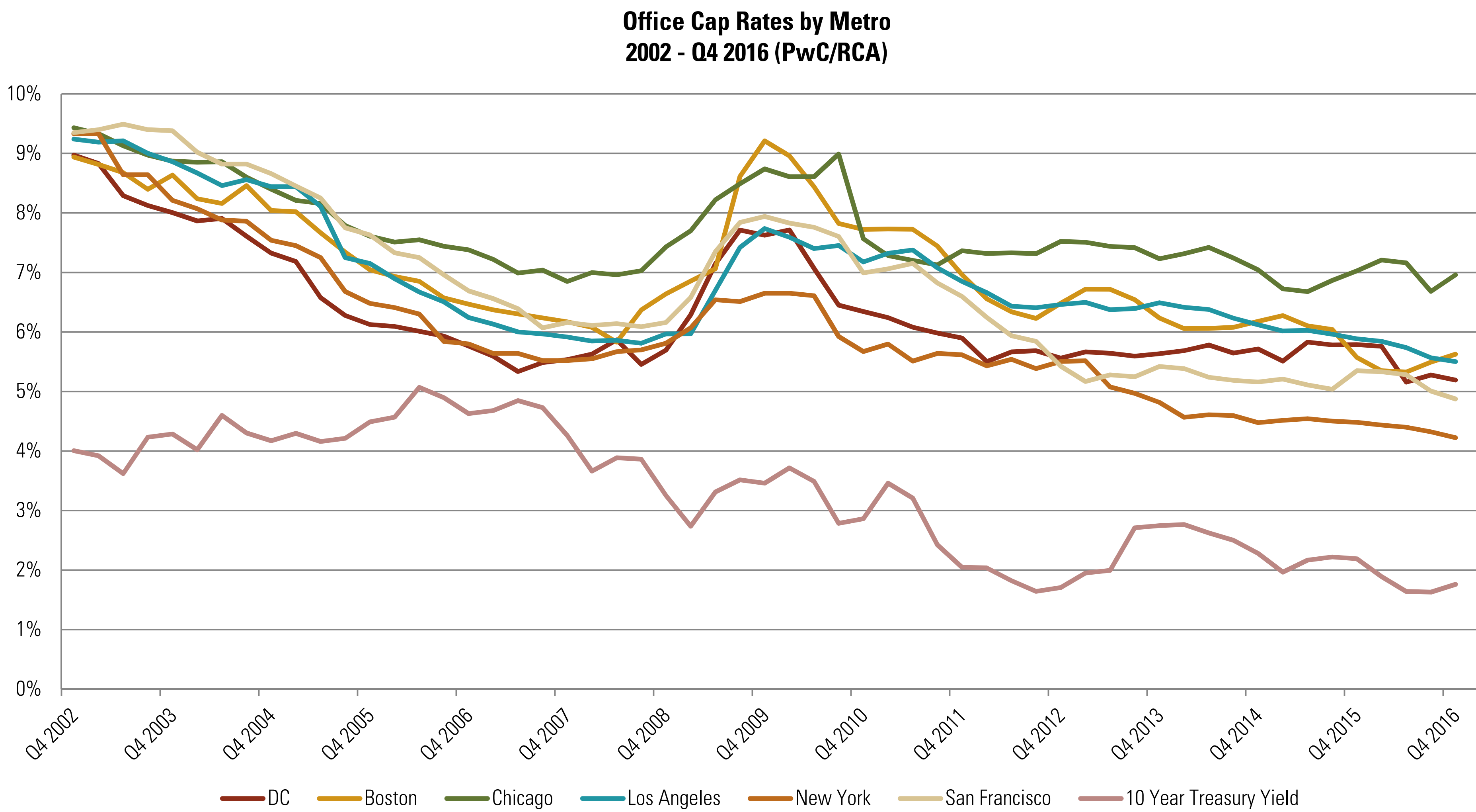
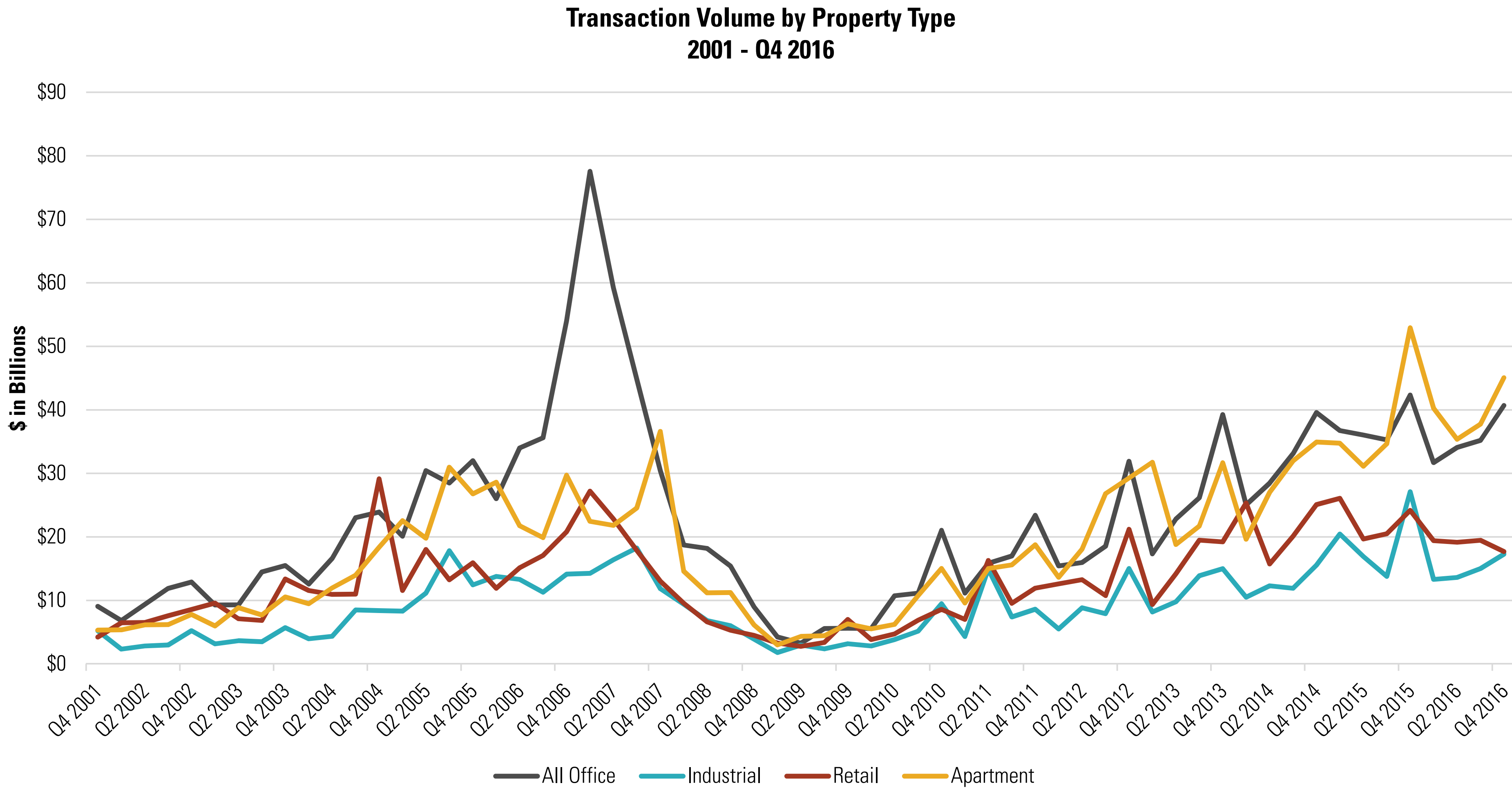
CAP RATES VARY BY MARKET AS INVESTORS PERCEIVE INCREASING LEVELS OF RISK IN BOSTON AND CHICAGO RELATIVE TO OTHER MAJOR MARKETS



Source: PwC Real Estate Investor Survey; RCA

GENERALLY STRONG Q4 FOR MOST PRODUCT TYPES, HIGHLIGHTING CONTINUED LEVELS OF INVESTOR DEMAND

(THOUGH NEED TO MONITOR TRENDS FOR RETAIL)



Source: RCA

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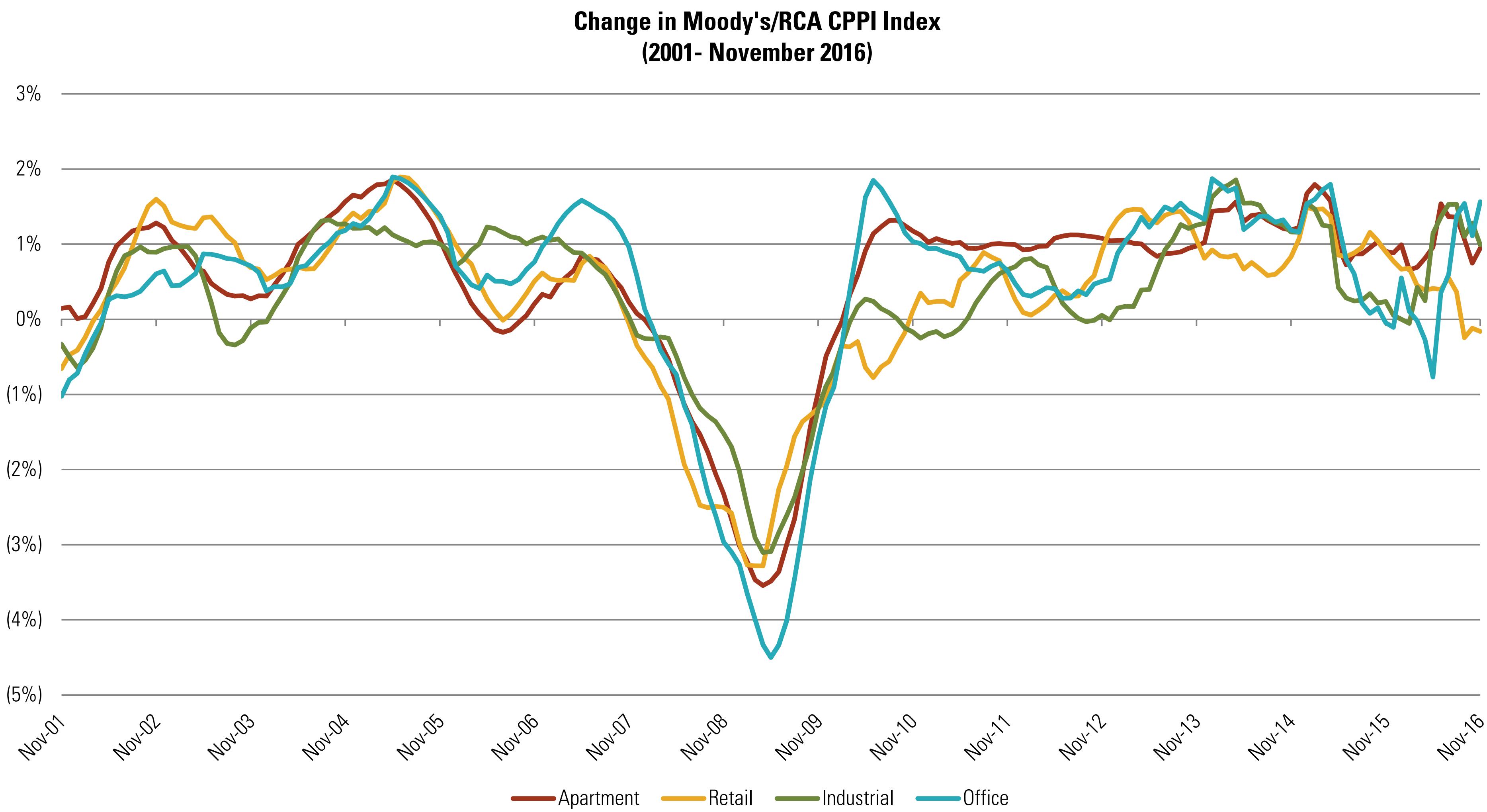
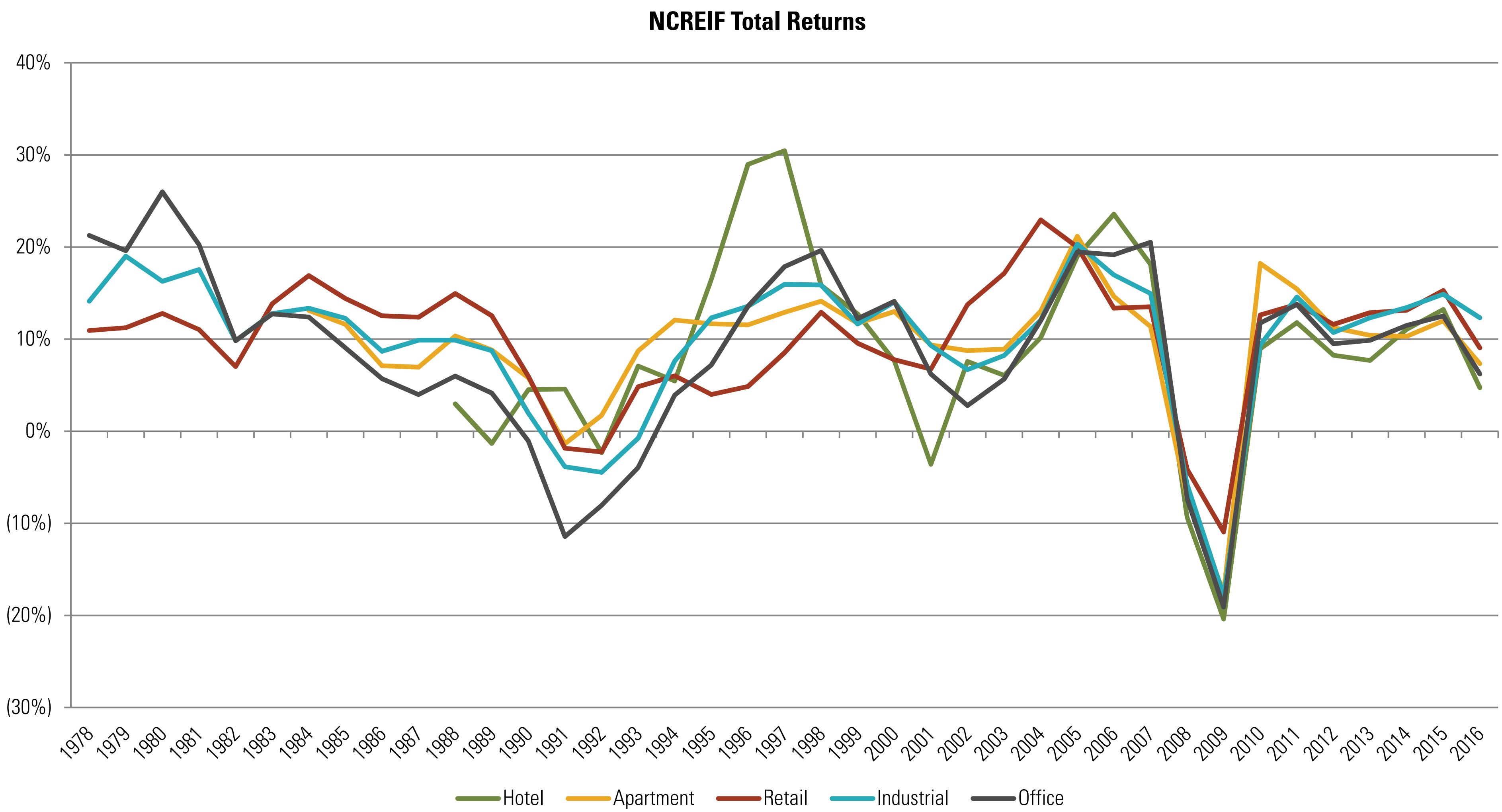
INDUSTRIAL, OFFICE, APARTMENT STILL EXPERIENCING PRICE GROWTH;

RETAIL PRICING WENT NEGATIVE IN 2H 2016



Source: RCA; RCLCO

NCREIF RETURNS MODERATE FOLLOWING POST-RECESSION PEAK IN 2015; INDUSTRIAL LEADS TOTAL RETURNS, WHILE OTHERS LAG MORE SHARPLY

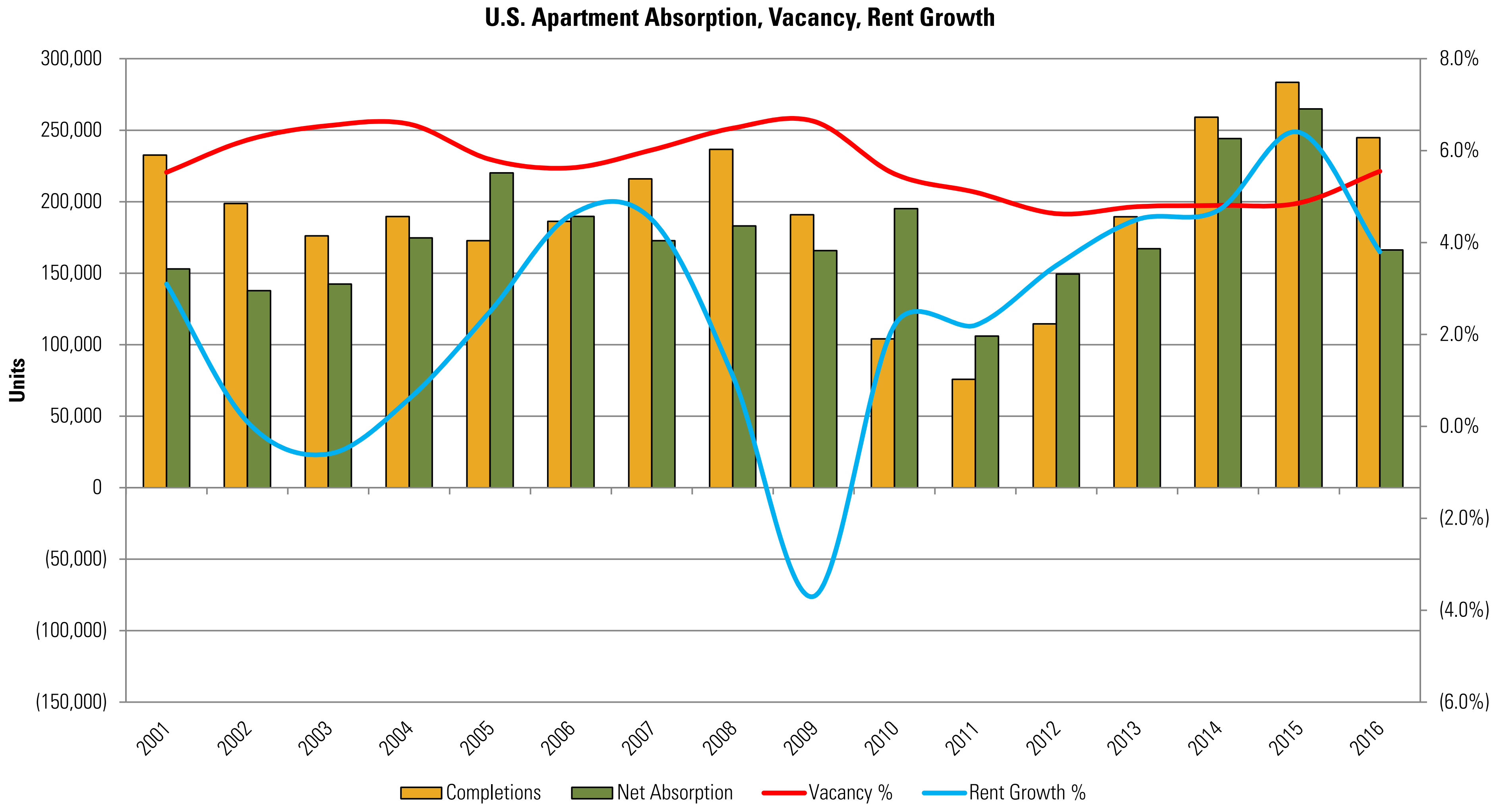


Source: National Council of Real Estate Investment Fiduciaries (NCREIF); RCLCO

PROPERTY MARKET OVERVIEW

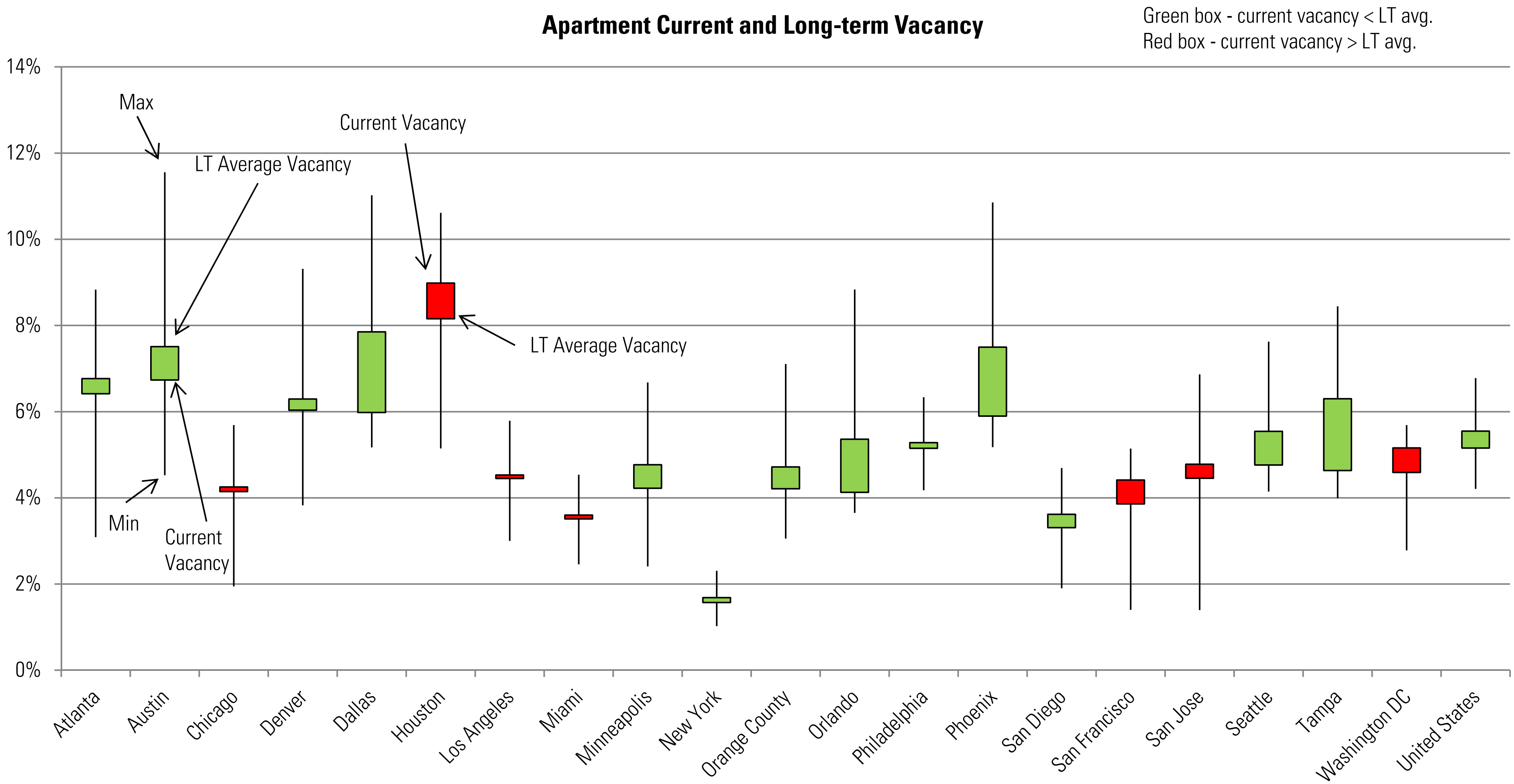
RESIDENTIAL

Q-O-Q VACANCY INCREASES, BUT STILL BELOW AVERAGE



Note: Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

CURRENT VACANCY EXCEEDS LONG-TERM AVERAGE VACANCY IN AN INCREASING NUMBER OF MARKETS



Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets
Note: Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

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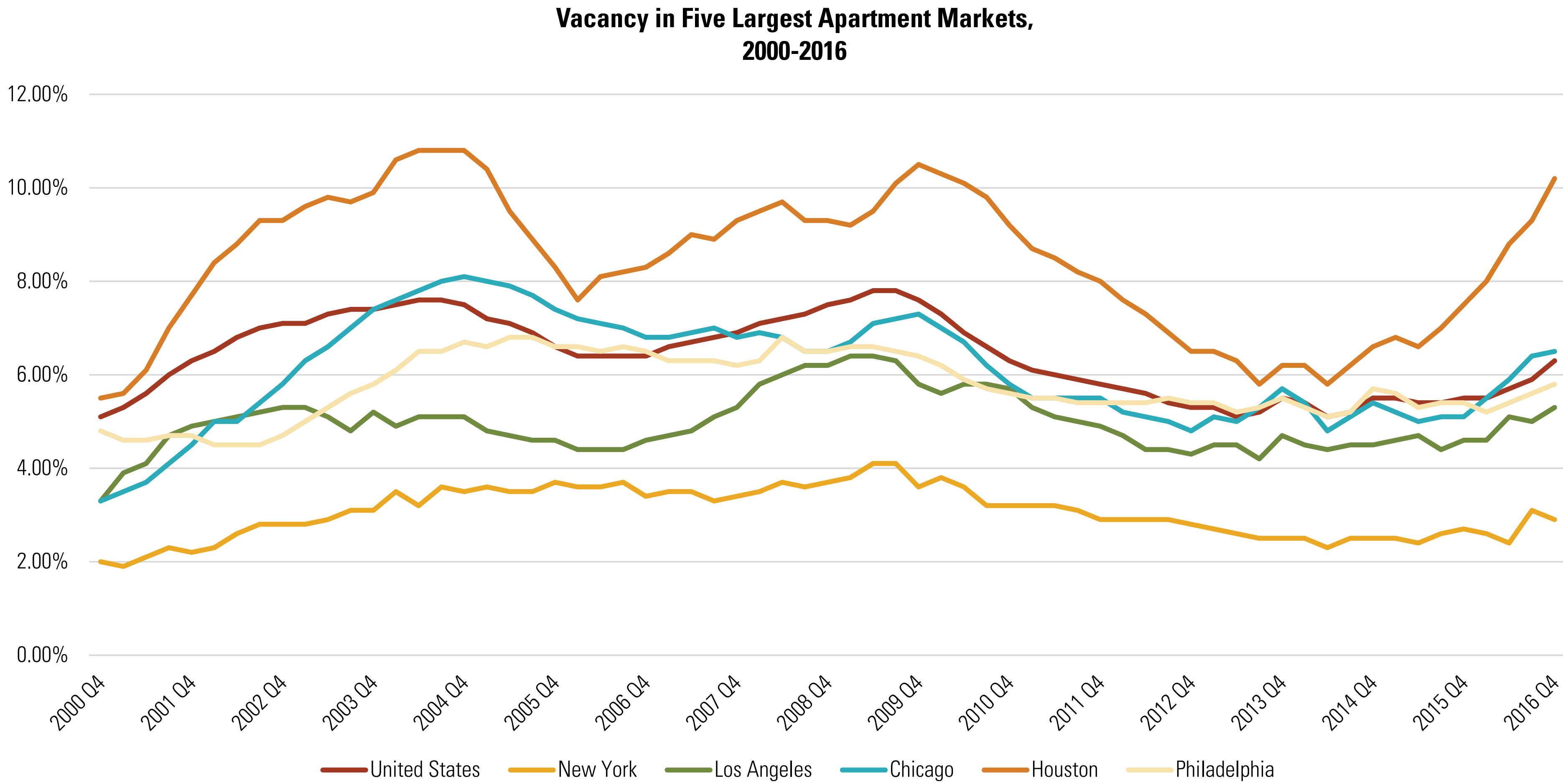
APARTMENT VACANCIES INCREASING FROM HISTORIC LOWS IN DIVERSE MARKETS; BIGGEST INCREASES RESULT FROM DECLINES IN DEMAND (HOUSTON)



**As of Q4 2016*
Note: Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets
Source: CoStar; RCLCO

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U.S. APARTMENT MARKET RISK INDICATORS OVER TIME:

CONSTRUCTION HAS CAUGHT UP TO AND MAY SOON EXCEED DEMAND; RENT GROWTH STRONG BUT MODERATING

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
2010 Q1	0.6%	0.3%	1.5%	93.4%	0.1%	(0.2%)	(0.7%)	(2.8%)
2010 Q2	0.6%	0.4%	1.4%	93.6%	0.2%	0.1%	(0.3%)	(2.6%)
2010 Q3	0.6%	0.3%	1.4%	94.6%	1.0%	1.2%	1.9%	(0.0%)
2010 Q4	0.5%	0.3%	1.4%	94.1%	(0.5%)	0.8%	(1.2%)	(0.3%)
2011 Q1	0.4%	0.2%	1.5%	94.4%	0.3%	1.0%	0.6%	1.0%
2011 Q2	0.3%	0.2%	1.7%	94.6%	0.2%	1.0%	0.6%	1.9%
2011 Q3	0.3%	0.2%	1.9%	94.7%	0.1%	0.1%	0.5%	0.5%
2011 Q4	0.3%	0.2%	2.2%	94.8%	0.1%	0.7%	0.5%	2.2%
2012 Q1	0.3%	0.2%	2.5%	94.9%	0.1%	0.5%	0.6%	2.2%
2012 Q2	0.4%	0.3%	2.8%	95.0%	0.1%	0.4%	0.7%	2.3%
2012 Q3	0.4%	0.4%	3.1%	95.1%	0.1%	0.4%	0.8%	2.6%
2012 Q4	0.5%	0.4%	3.3%	95.2%	0.1%	0.4%	0.9%	3.0%
2013 Q1	0.5%	0.5%	3.6%	95.3%	0.1%	0.4%	1.0%	3.3%
2013 Q2	0.6%	0.5%	3.9%	95.4%	0.1%	0.4%	1.1%	3.7%
2013 Q3	0.6%	0.6%	4.0%	95.4%	0.1%	0.4%	1.1%	4.1%
2013 Q4	0.3%	0.6%	4.2%	95.4%	(0.0%)	0.2%	1.1%	4.3%
2014 Q1	0.6%	0.5%	4.6%	95.4%	(0.0%)	0.1%	1.0%	4.4%
2014 Q2	0.9%	0.7%	4.6%	95.4%	(0.0%)	(0.0%)	1.0%	4.3%
2014 Q3	0.8%	0.8%	4.6%	95.4%	(0.0%)	(0.1%)	1.0%	4.2%
2014 Q4	0.5%	0.8%	4.7%	95.4%	(0.0%)	(0.1%)	1.2%	4.3%
2015 Q1	0.6%	0.7%	4.9%	95.3%	(0.0%)	(0.1%)	1.5%	4.8%
2015 Q2	0.9%	0.8%	5.0%	95.3%	(0.1%)	(0.1%)	1.8%	5.6%
2015 Q3	0.8%	0.8%	5.1%	95.2%	(0.1%)	(0.2%)	1.8%	6.5%
2015 Q4	0.6%	0.7%	5.3%	95.2%	(0.0%)	(0.2%)	1.6%	6.9%
2016 Q1	0.5%	0.5%	5.7%	95.2%	0.0%	(0.1%)	1.5%	6.8%
2016 Q2	0.6%	0.7%	5.8%	95.1%	(0.1%)	(0.1%)	1.3%	6.3%
2016 Q3	0.5%	0.8%	5.8%	95.0%	(0.1%)	(0.2%)	1.1%	5.5%
2016 Q4	0.2%	0.6%	5.9%	94.8%	(0.2%)	(0.3%)	0.9%	4.8%

**Current quarter defined as Q4 2016*
***Completions highlighted in Red if above 0.25% of Stock*
****Under Construction highlighted in Red if above 1% of Stock*
*****Green if above historical average since 2000*
Note: Above data includes only market-rate rentable apartment space
Note: Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating
Source: CoStar.; RCLCO

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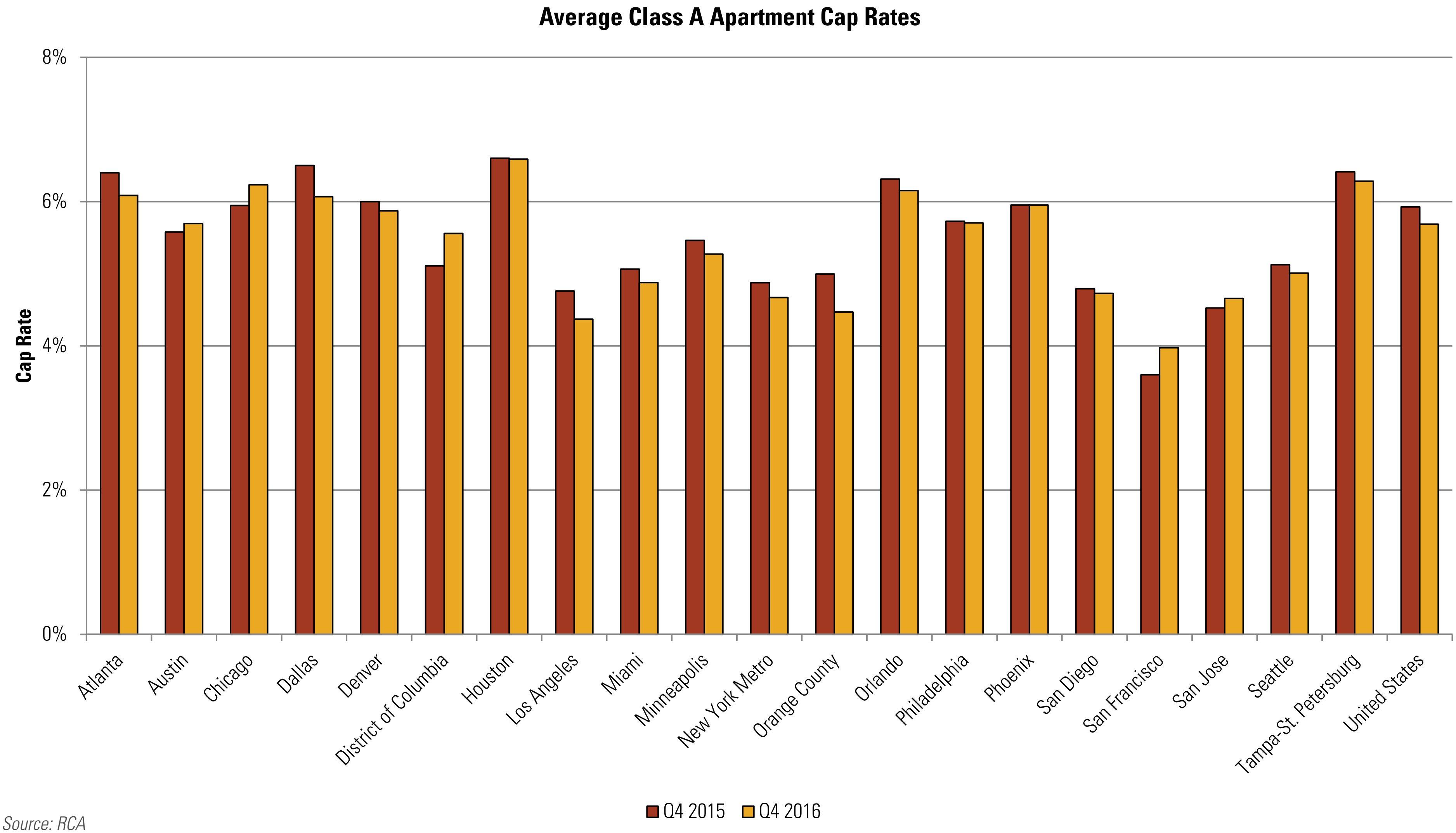
U.S. APARTMENT MARKET RISK INDICATOR:

ELEVATED CONSTRUCTION DRIVING DECLINES IN OCCUPANCY: EXPECT SLOWING RENT GROWTH IN 2017

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
Atlanta	(0.2%)	0.5%	4.6%	93.6%	(0.3%)	(0.6%)	1.4%	7.2%
Austin	0.1%	0.9%	5.6%	93.3%	(0.3%)	(0.3%)	0.7%	4.7%
Chicago	0.1%	0.2%	4.8%	95.7%	(0.3%)	(0.7%)	1.0%	4.9%
Dallas	0.3%	0.6%	5.8%	94.0%	(0.2%)	(0.3%)	1.4%	6.7%
Denver	(0.2%)	1.0%	9.4%	94.0%	(0.3%)	(0.3%)	0.6%	4.2%
Houston	(0.1%)	0.8%	4.4%	91.0%	(0.7%)	(2.1%)	0.2%	2.2%
Los Angeles	0.7%	1.0%	9.9%	95.5%	(0.2%)	(0.4%)	1.2%	6.4%
Miami	0.6%	1.1%	9.3%	96.4%	(0.2%)	(0.6%)	1.1%	5.5%
Minneapolis	0.4%	0.8%	5.7%	95.8%	0.0%	0.3%	1.2%	5.0%
New York	0.1%	0.0%	5.2%	98.4%	(0.0%)	(0.1%)	0.1%	1.5%
Orange County	0.5%	0.3%	7.4%	95.8%	0.1%	0.1%	1.2%	5.8%
Orlando	0.2%	0.5%	4.4%	95.9%	(0.0%)	(0.1%)	1.3%	6.1%
Philadelphia	0.2%	0.3%	3.4%	94.9%	(0.1%)	(0.1%)	0.8%	3.7%
Phoenix	0.1%	0.3%	3.8%	94.1%	(0.1%)	(0.6%)	1.3%	7.3%
San Diego	0.1%	0.2%	4.7%	96.7%	0.1%	0.9%	1.0%	5.6%
San Francisco	0.8%	0.3%	10.0%	95.6%	(0.2%)	(0.6%)	0.4%	2.6%
San Jose	0.2%	1.0%	11.1%	95.2%	(0.1%)	0.2%	0.0%	1.9%
Seattle	0.6%	0.9%	7.7%	95.2%	0.0%	0.1%	1.6%	8.7%
Tampa	0.1%	0.7%	3.4%	95.4%	(0.3%)	(0.2%)	1.4%	6.5%
Washington DC	0.4%	0.7%	5.9%	94.8%	(0.2%)	(0.2%)	0.6%	2.9%
United States	0.2%	0.6%	5.9%	94.8%	(0.2%)	(0.3%)	0.9%	4.8%

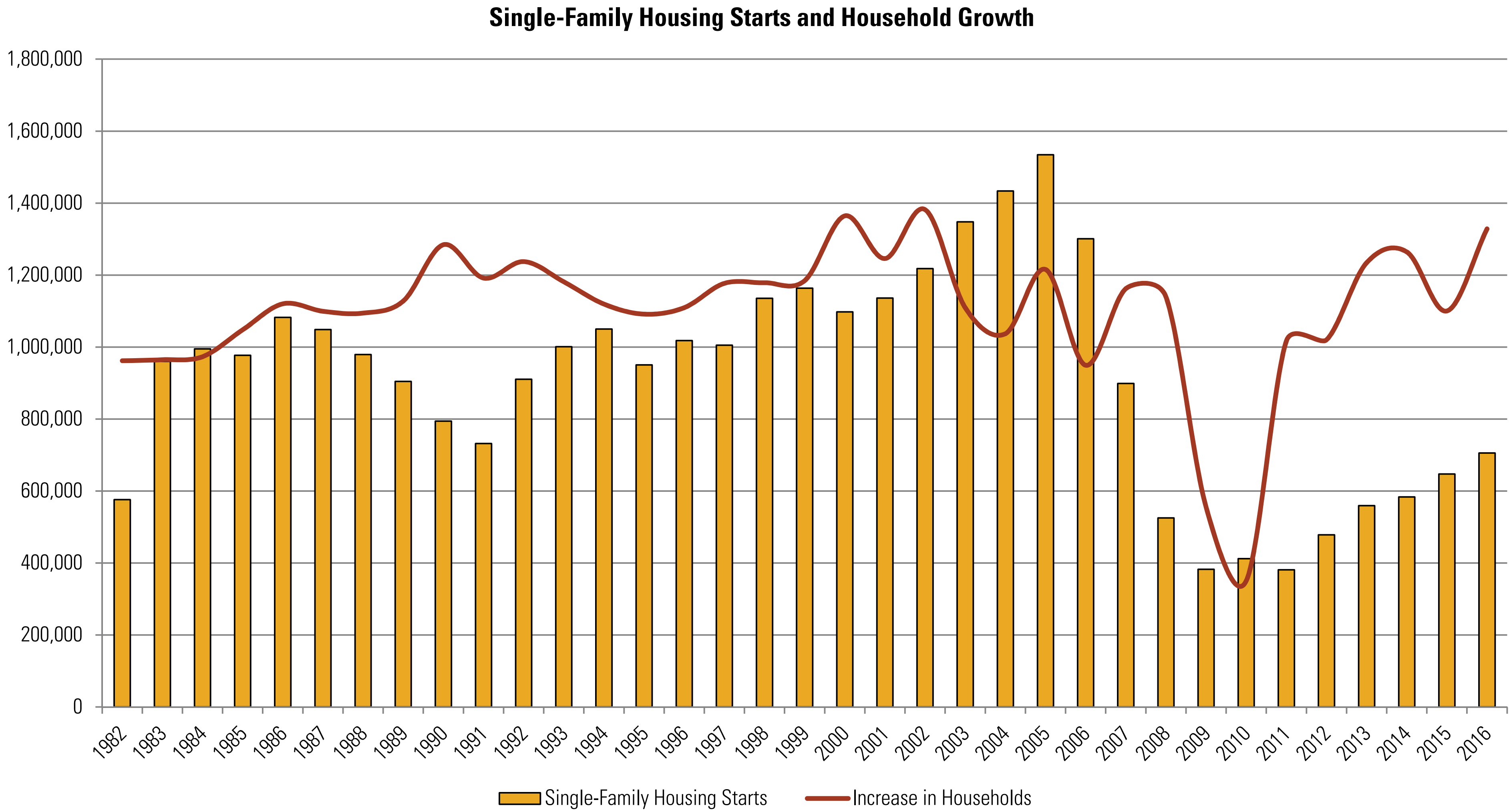
**Current quarter defined as Q4 2016*
***Completions highlighted in Red if above 0.25% of Stock*
****Under Construction highlighted in Red if above 1% of Stock*
*****Green if above historical average since 2000*
Note: Above data includes only market-rate rentable apartment space
Note: Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating
Source: CoStar.; RCLCO

AVERAGE APARTMENT CAP RATES REMAIN LOW;
HOWEVER, INCREASING IN TECH HUBS SUCH AS AUSTIN AND THE BAY AREA



Source: RCA

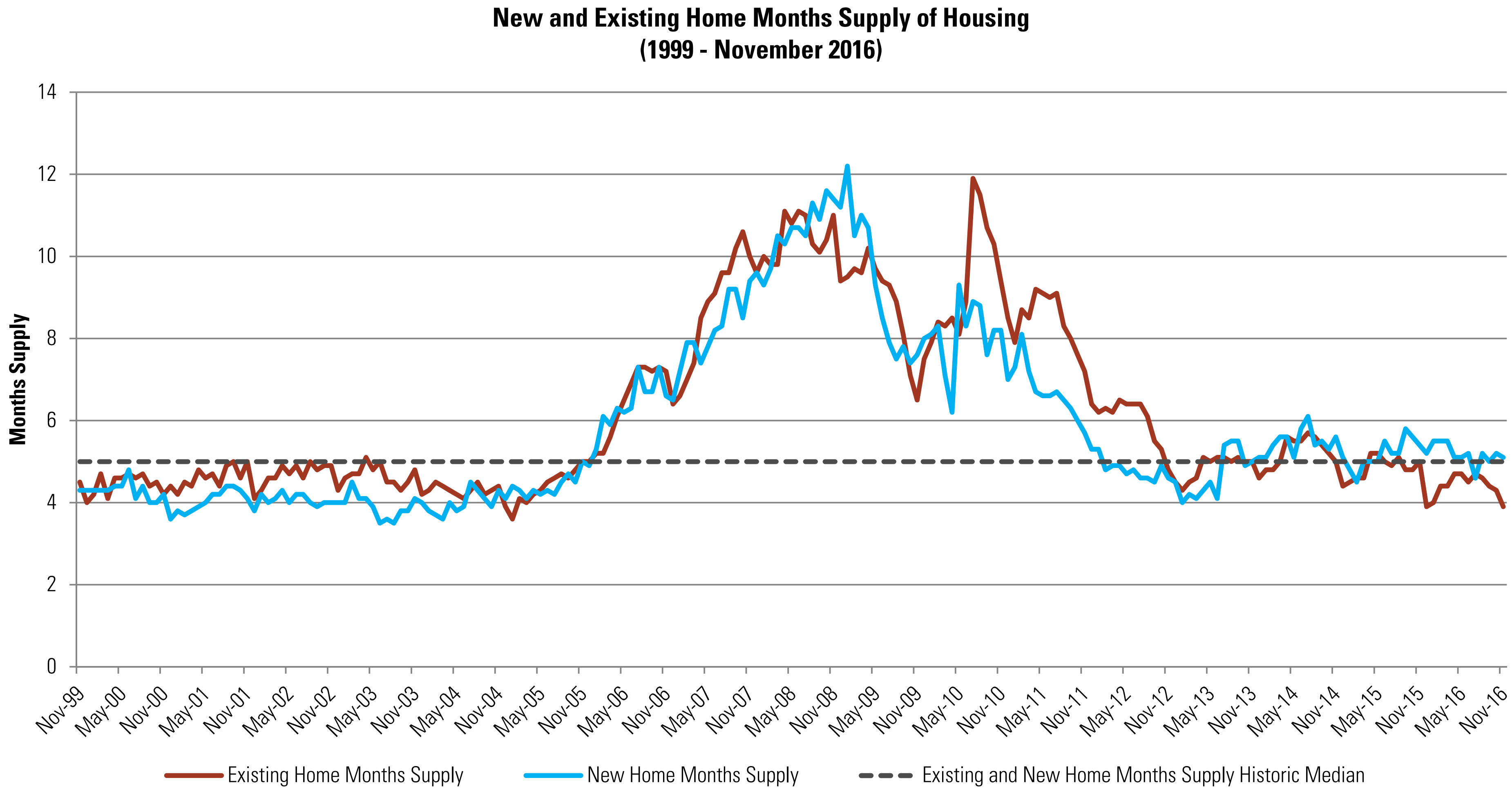
NEW HOUSEHOLDS CONTINUE TO OUTPACE SINGLE-FAMILY HOUSING STARTS



Note: Single-Family Housing Starts include single-family detached and single-family attached (townhomes)
Source: Moody's Analytics; RCLCO

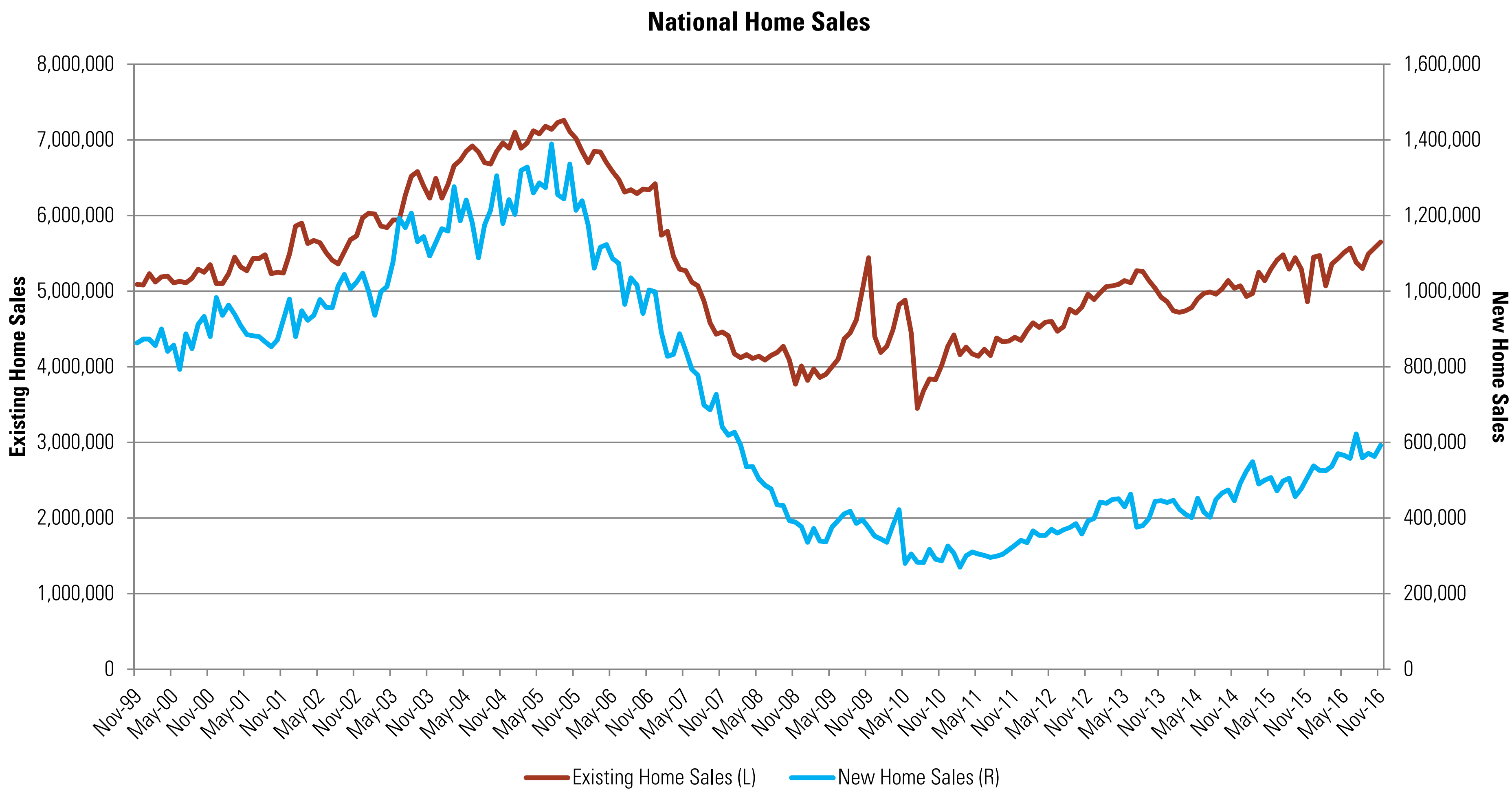
RCLCO

EXISTING HOUSING SUPPLY STILL BELOW MEDIAN LEVEL OF INVENTORY; NEW HOME SUPPLY RIGHT AT MEDIAN



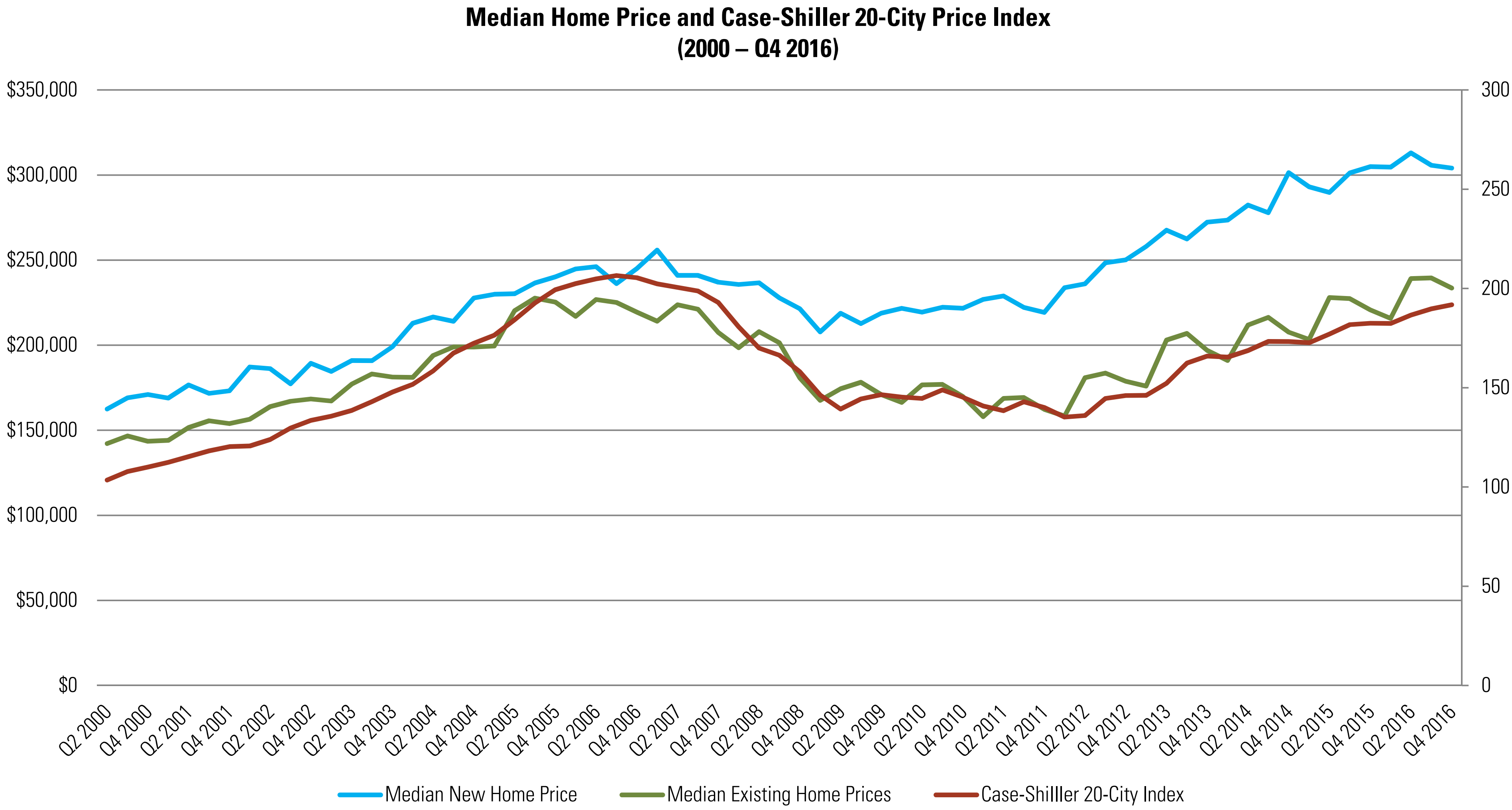
Note: Median for both existing and new home months supply is 5.0 months.
Note: Home supply includes single-family detached, condo, and townhomes
Source: National Association of Realtors (NAR); RCLCO

DESPITE MONTHLY FLUCTUATIONS, NEW AND EXISTING HOME SALES CONTINUE STEADY INCREASE



Note: Monthly data are seasonally adjusted annual rates
Source: U.S. Census Bureau; NAR

PRICING LIKEWISE CONTINUES STEADY INCREASE; STILL A WIDE SPREAD BETWEEN NEW AND EXISTING HOME PRICES

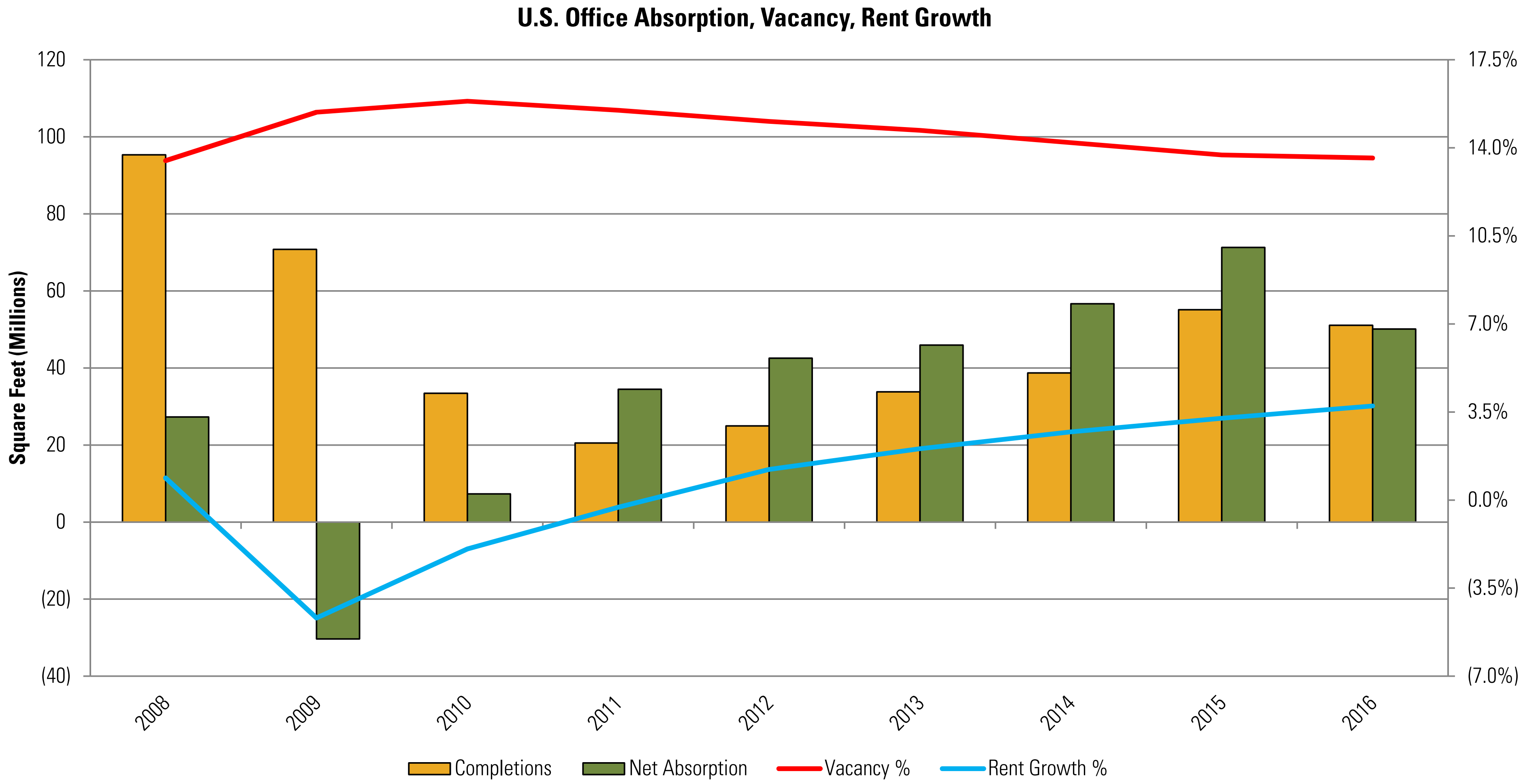


Source: U.S. Census; NAR; Standard & Poor's; Federal Reserve Bank of St. Louis

OFFICE

U.S. OFFICE VACANCY STABILIZING, RENTS CONTINUE TO IMPROVE;

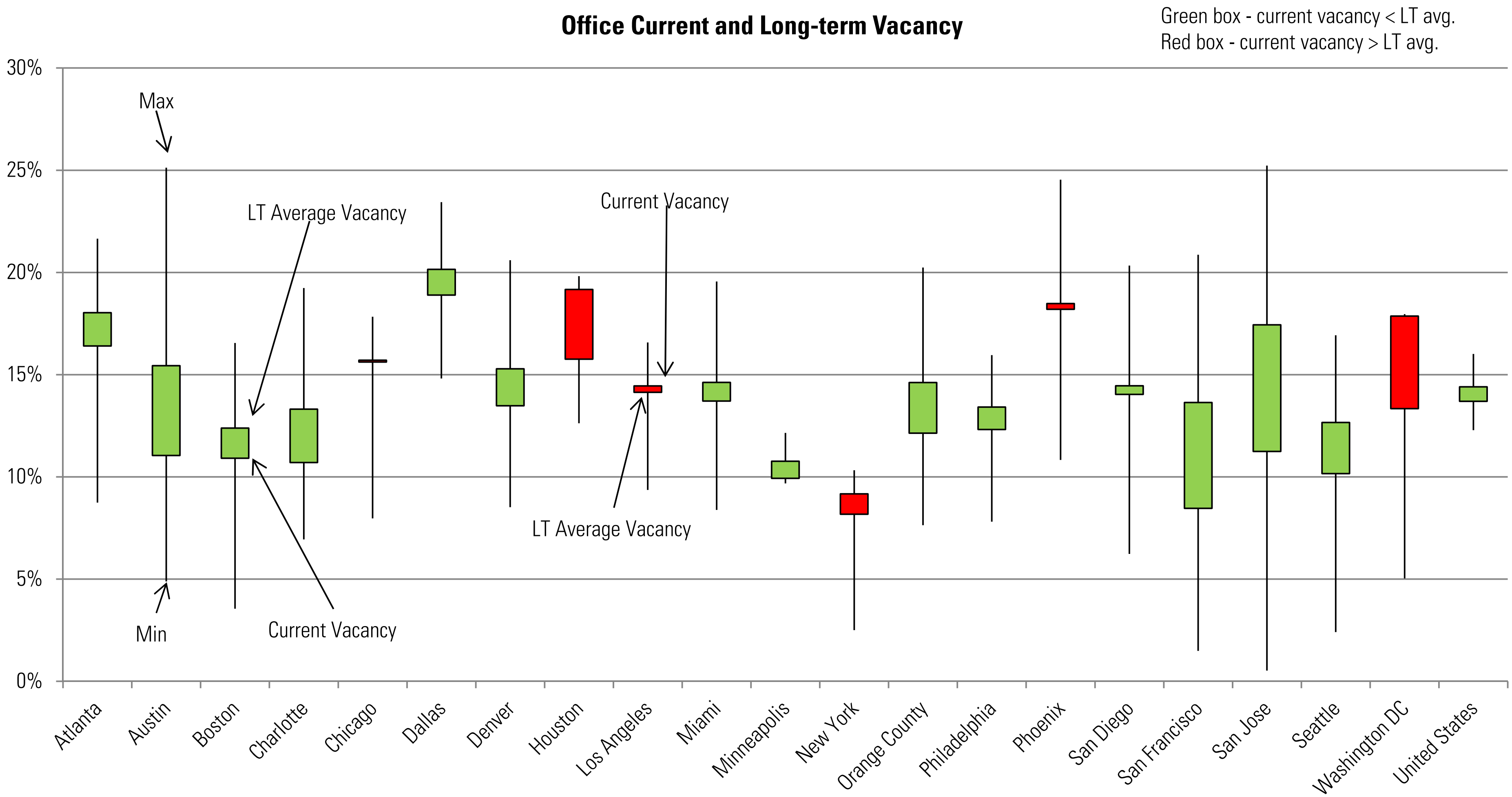
COMPLETIONS SLOWLY BEGINNING TO OUTPACE ABSORPTION



Note: Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

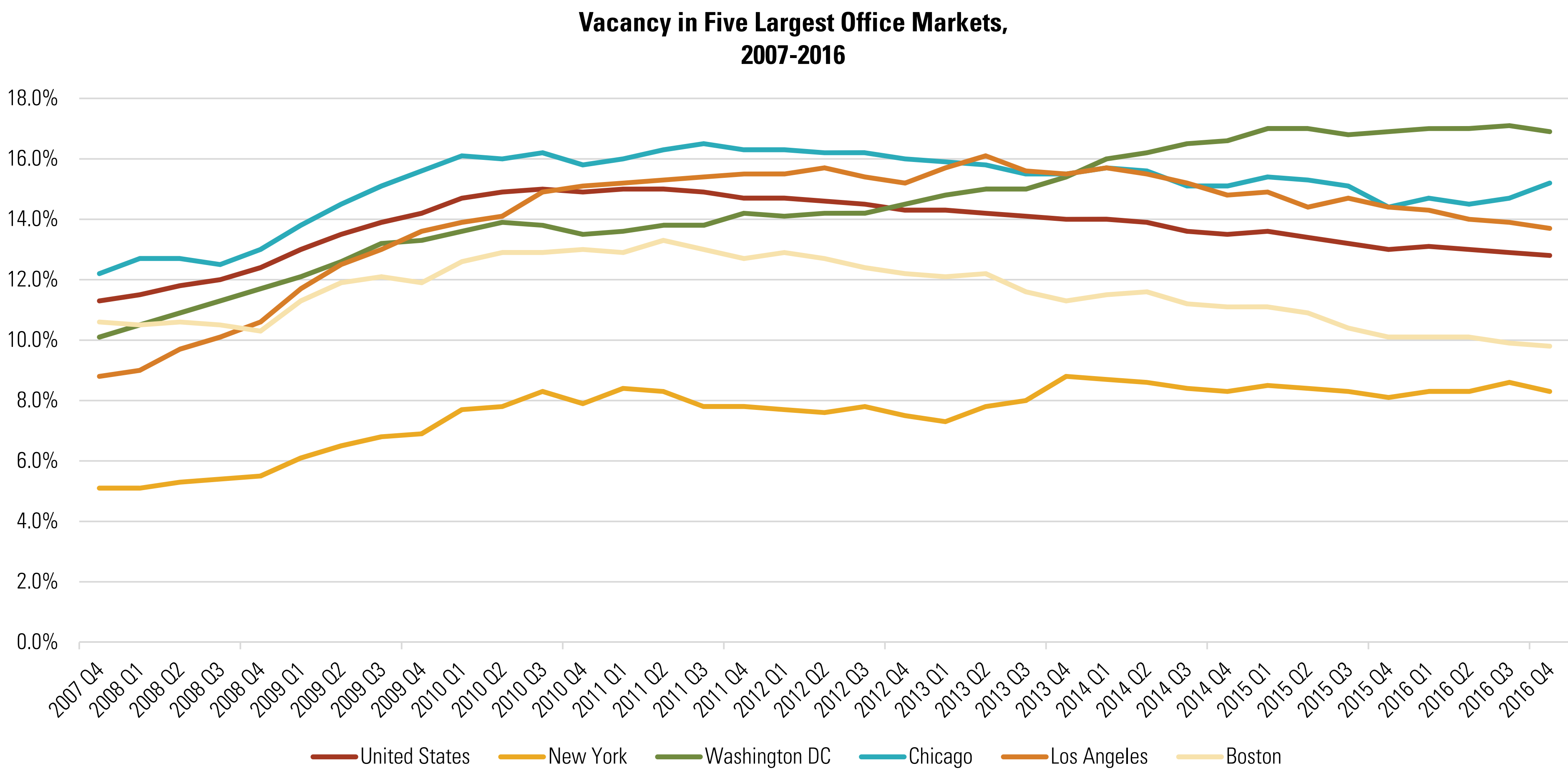
OFFICE VACANCY REMAINS RELATIVELY UNCHANGED FROM Q3 2016;

NOTABLE ABOVE-AVERAGE VACANCY IN HOUSTON AND WASHINGTON, D.C.



Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets.
Note: Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

U.S. OFFICE VACANCY CONTINUES TO DECLINE, BUT TRENDS VARY ACROSS MAJOR MARKETS



**As of Q4 2016*
Note: Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets
Source: CoStar; RCLCO

U.S. OFFICE MARKET RISK INDICATOR:

LIMITED, BUT CONTINUED IMPROVEMENT NATIONWIDE

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
2010 Q1	(0.2%)	(0.2%)	0.9%	84.7%	(0.4%)	(1.9%)	(1.5%)	(4.7%)
2010 Q2	0.0%	(0.0%)	0.7%	84.4%	(0.3%)	(1.7%)	(1.2%)	(5.0%)
2010 Q3	0.1%	0.3%	0.7%	84.1%	(0.3%)	(1.5%)	(2.0%)	(3.1%)
2010 Q4	0.2%	0.1%	0.7%	84.1%	(0.0%)	(1.1%)	0.5%	(4.1%)
2011 Q1	0.1%	0.0%	0.7%	84.1%	(0.0%)	(0.7%)	(0.2%)	(2.9%)
2011 Q2	0.1%	(0.0%)	0.8%	84.1%	0.0%	(0.3%)	(0.2%)	(2.0%)
2011 Q3	0.3%	0.2%	0.8%	84.2%	0.1%	0.1%	(0.1%)	(0.1%)
2011 Q4	0.3%	0.2%	0.9%	84.3%	0.1%	0.2%	(0.1%)	(0.7%)
2012 Q1	0.2%	0.1%	0.9%	84.4%	0.1%	0.3%	0.1%	(0.3%)
2012 Q2	0.2%	0.2%	1.0%	84.5%	0.1%	0.4%	0.3%	0.2%
2012 Q3	0.2%	0.2%	1.0%	84.6%	0.1%	0.4%	0.4%	0.8%
2012 Q4	0.3%	0.2%	1.0%	84.7%	0.1%	0.5%	0.3%	1.1%
2013 Q1	0.2%	0.1%	1.1%	84.9%	0.1%	0.5%	0.2%	1.2%
2013 Q2	0.2%	0.1%	1.2%	85.0%	0.1%	0.4%	0.3%	1.2%
2013 Q3	0.3%	0.2%	1.3%	85.1%	0.1%	0.4%	0.4%	1.2%
2013 Q4	0.3%	0.2%	1.3%	85.1%	0.1%	0.4%	0.5%	1.4%
2014 Q1	0.2%	0.1%	1.6%	85.2%	0.1%	0.4%	0.9%	2.1%
2014 Q2	0.3%	0.2%	1.7%	85.3%	0.1%	0.4%	0.8%	2.6%
2014 Q3	0.4%	0.3%	1.8%	85.4%	0.1%	0.4%	0.8%	3.1%
2014 Q4	0.3%	0.3%	2.0%	85.6%	0.1%	0.4%	0.7%	3.2%
2015 Q1	0.1%	0.1%	2.0%	85.7%	0.1%	0.4%	0.5%	2.8%
2015 Q2	0.4%	0.3%	2.2%	85.8%	0.1%	0.5%	0.6%	2.7%
2015 Q3	0.4%	0.3%	2.2%	85.9%	0.1%	0.5%	0.7%	2.6%
2015 Q4	0.5%	0.4%	2.0%	86.0%	0.1%	0.5%	0.8%	2.7%
2016 Q1	0.2%	0.1%	2.0%	86.2%	0.1%	0.5%	0.8%	3.0%
2016 Q2	0.3%	0.3%	2.0%	86.2%	0.1%	0.4%	0.7%	3.1%
2016 Q3	0.2%	0.3%	1.9%	86.3%	0.0%	0.4%	0.9%	3.3%
2016 Q4	0.3%	0.3%	1.8%	86.3%	0.0%	0.3%	0.9%	3.4%

**Current quarter defined as Q4 2016*

***Completions highlighted in Red if above 0.25% of Stock*

****Under Construction highlighted in Red if above 1% of Stock*

*****Green if above market's historical average since 2008*

Note; Above data does not include Medical Office

Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets.

Note: Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating

Source: CoStar; RCLCO

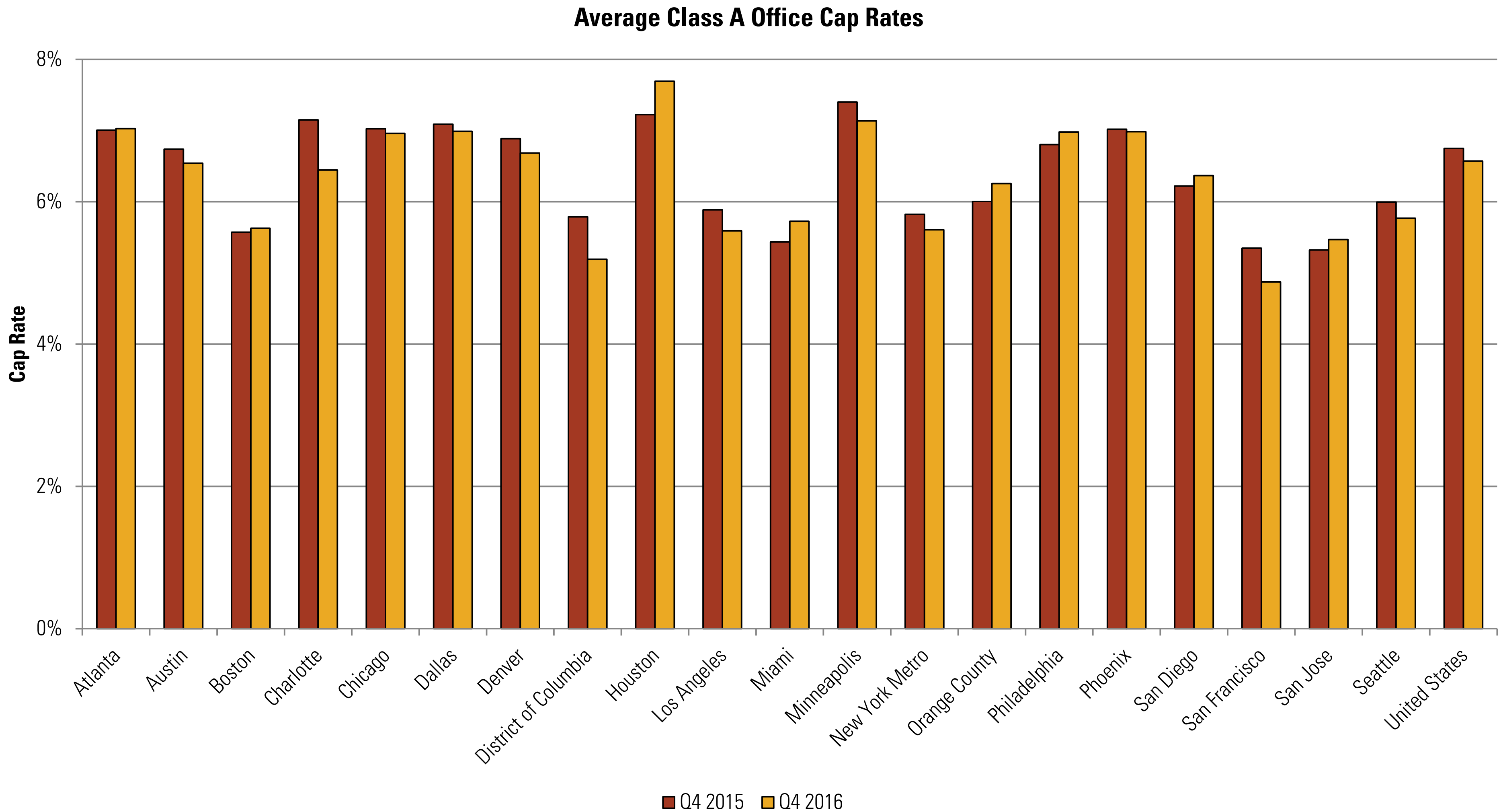
U.S. OFFICE MARKET RISK INDICATOR:

VARIATIONS IN PERFORMANCE DRIVEN BY LOCAL ECONOMIES, CONSTRUCTION ACTIVITY, AND OCCUPANCY LEVELS

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Gross Asking Rent Growth	Y-o-Y Gross Asking Rent Growth
Atlanta	0.3%	0.0%	2.0%	83.6%	0.1%	0.8%	1.6%	6.8%
Austin	0.5%	0.0%	2.0%	88.9%	0.1%	0.2%	1.3%	6.6%
Boston	0.1%	0.0%	1.2%	89.1%	0.0%	0.4%	(0.7%)	(0.8%)
Charlotte	0.7%	1.6%	3.9%	89.3%	0.0%	0.6%	1.0%	6.4%
Chicago	(0.2%)	0.4%	1.0%	84.3%	(0.2%)	0.2%	0.4%	2.3%
Dallas	0.2%	0.3%	2.9%	81.1%	(0.1%)	(0.3%)	0.8%	6.0%
Denver	0.1%	0.3%	4.4%	86.5%	(0.1%)	(0.2%)	0.8%	4.1%
Houston	(0.0%)	0.0%	1.6%	80.8%	(0.5%)	(2.8%)	(0.1%)	0.5%
Los Angeles	0.2%	0.1%	0.8%	85.6%	0.2%	0.6%	1.5%	5.7%
Miami	0.4%	0.0%	1.0%	86.3%	0.1%	0.6%	1.3%	4.3%
Minneapolis	0.3%	0.0%	0.2%	90.1%	0.0%	0.9%	1.1%	5.6%
New York	0.3%	0.1%	3.0%	90.8%	(0.1%)	(0.1%)	2.5%	7.2%
Orange County	(0.1%)	0.0%	0.5%	87.9%	0.0%	0.2%	1.7%	8.7%
Philadelphia	0.7%	0.1%	1.3%	87.7%	0.2%	0.9%	0.3%	1.7%
Phoenix	0.6%	0.4%	1.9%	81.5%	0.1%	0.7%	1.3%	6.1%
San Diego	0.4%	0.0%	0.5%	86.0%	0.3%	0.2%	1.0%	2.5%
San Francisco	0.0%	0.1%	4.8%	91.5%	0.0%	(0.3%)	2.0%	8.7%
San Jose	1.0%	0.6%	9.6%	88.8%	(0.2%)	0.8%	2.1%	8.9%
Seattle	(0.7%)	0.8%	2.7%	89.8%	0.1%	1.2%	(0.5%)	1.6%
Washington DC	0.3%	0.2%	2.2%	82.1%	(0.0%)	(0.2%)	0.4%	1.3%
United States	0.3%	0.2%	1.8%	86.3%	0.0%	0.3%	0.9%	3.4%

**Current quarter defined as Q4 2016*
***Completions highlighted in Red if above 0.25% of Stock*
****Under Construction highlighted in Red if above 1% of Stock*
*****Green if above market's historical average since 2008*
Note; Above data does not include Medical Office
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets.
Note: Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

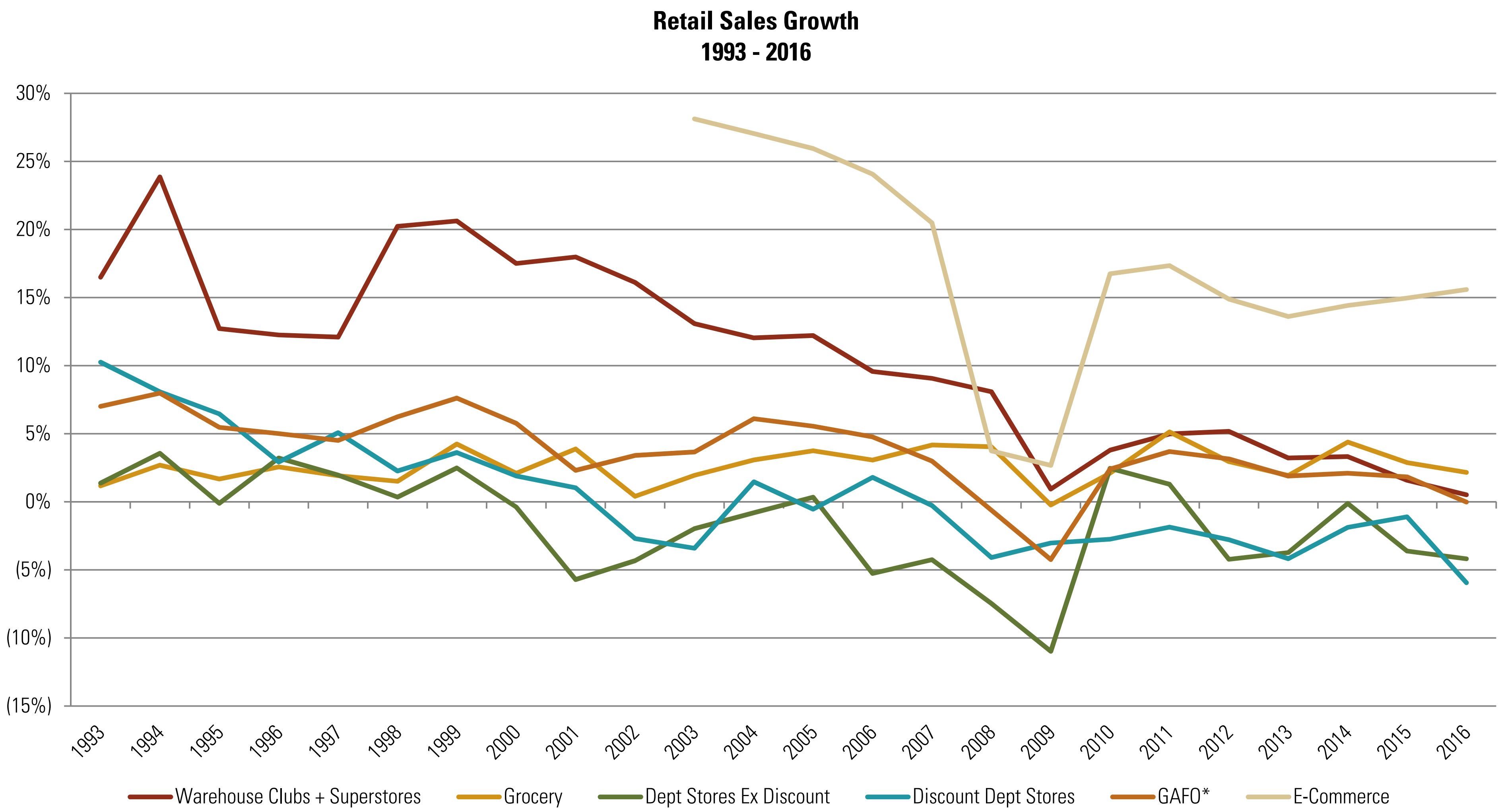
OFFICE CAP RATES, AND MOVEMENT DURING THE PAST YEAR, REFLECT CHANGES IN LOCAL MARKET CONDITIONS



Source: RCA

RETAIL (NEIGHBORHOOD & COMMUNITY CENTER)

E-COMMERCE CONTINUES TO DRIVE RETAIL SALES GROWTH

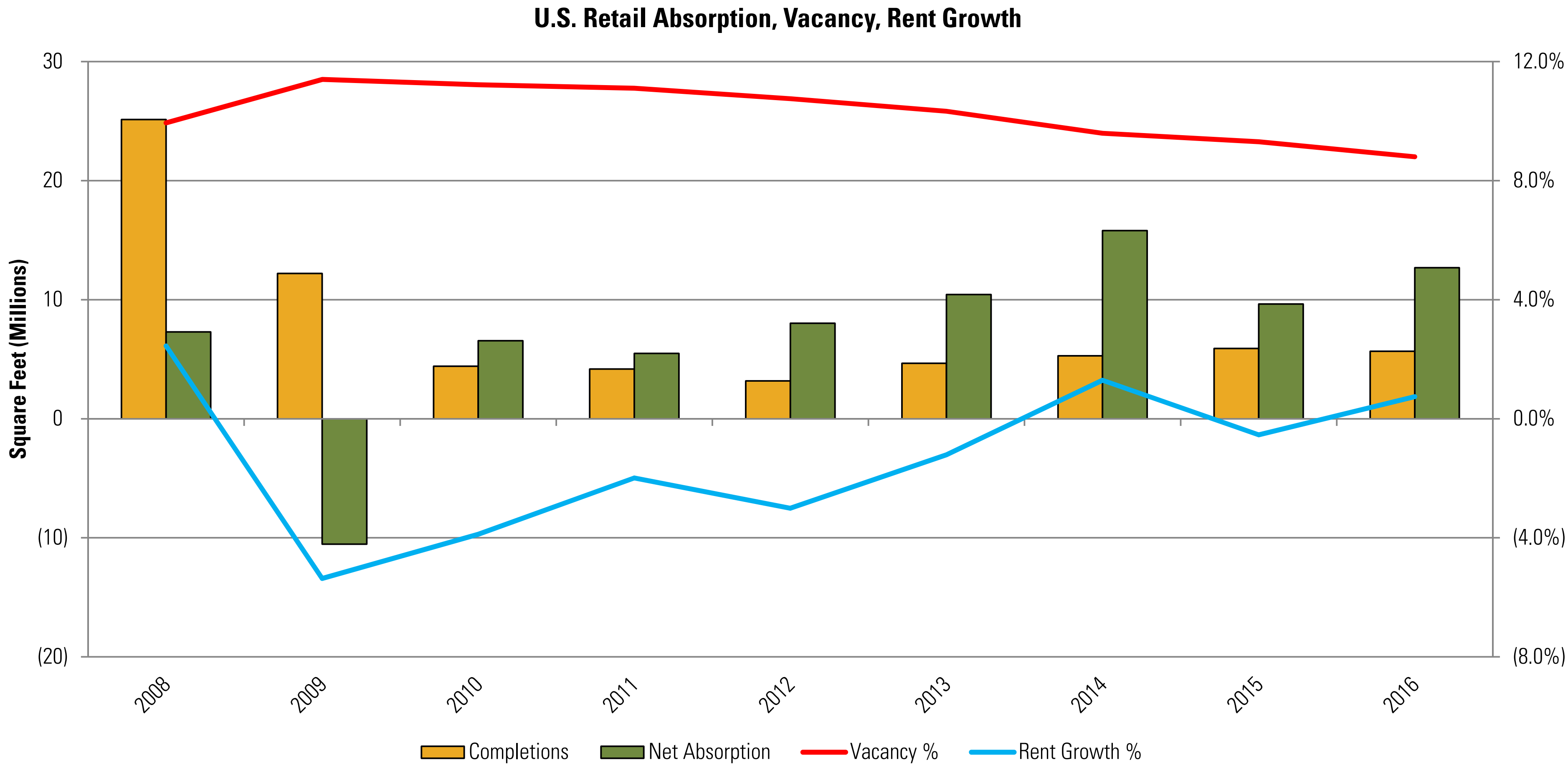


**GAFO includes furniture, appliance, office supply, and general merchandise stores*
Source: US Census

RCLCO

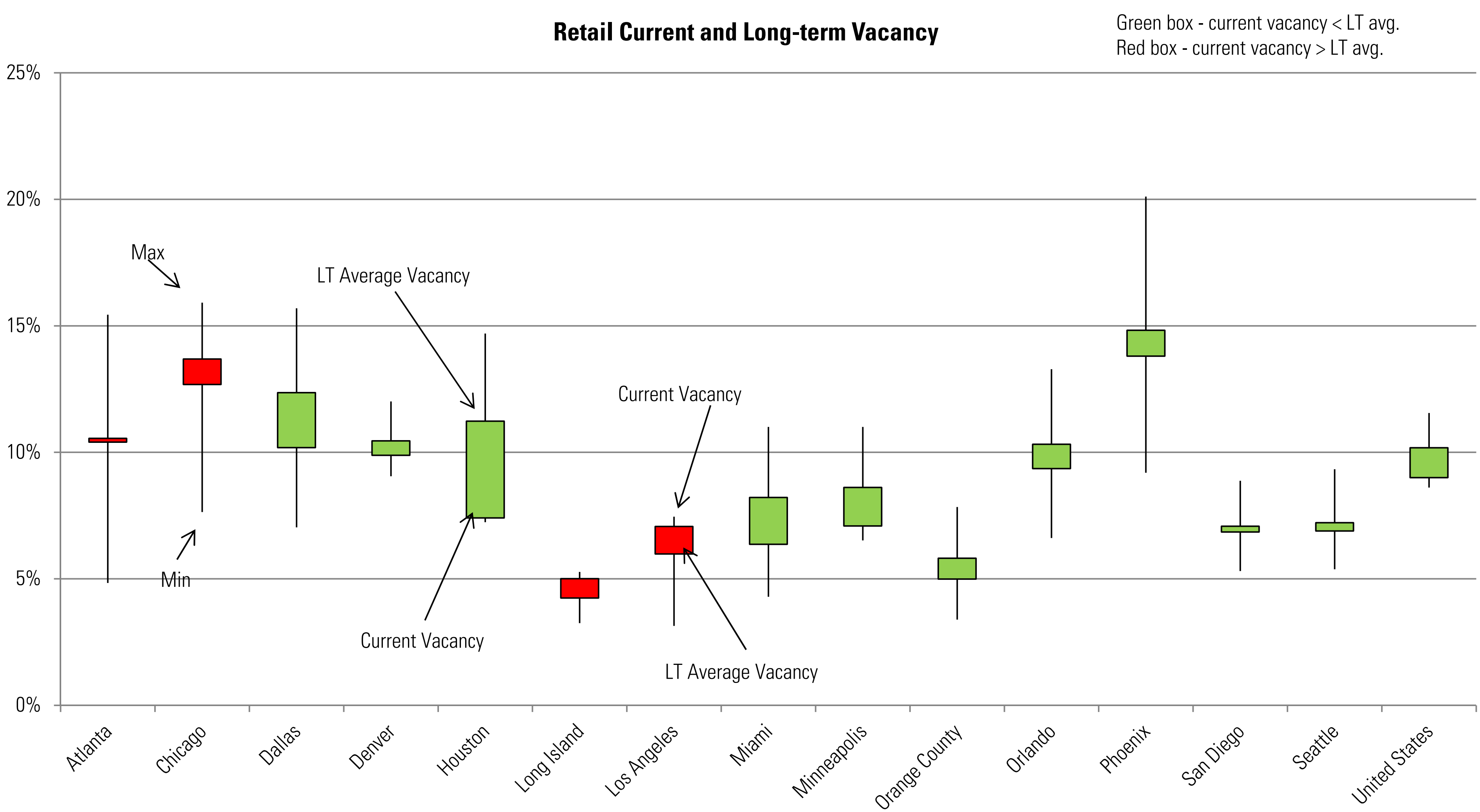
U.S. RETAIL MARKET RESPONDING RATIONALLY TO E-COMMERCE AS LIMITED NEW SUPPLY HAS COME ONLINE;

DECLINING VACANCY DIRECTLY ATTRIBUTABLE TO LIMITED NEW SUPPLY



Note: Above data is for neighborhood and community centers only
Note: Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

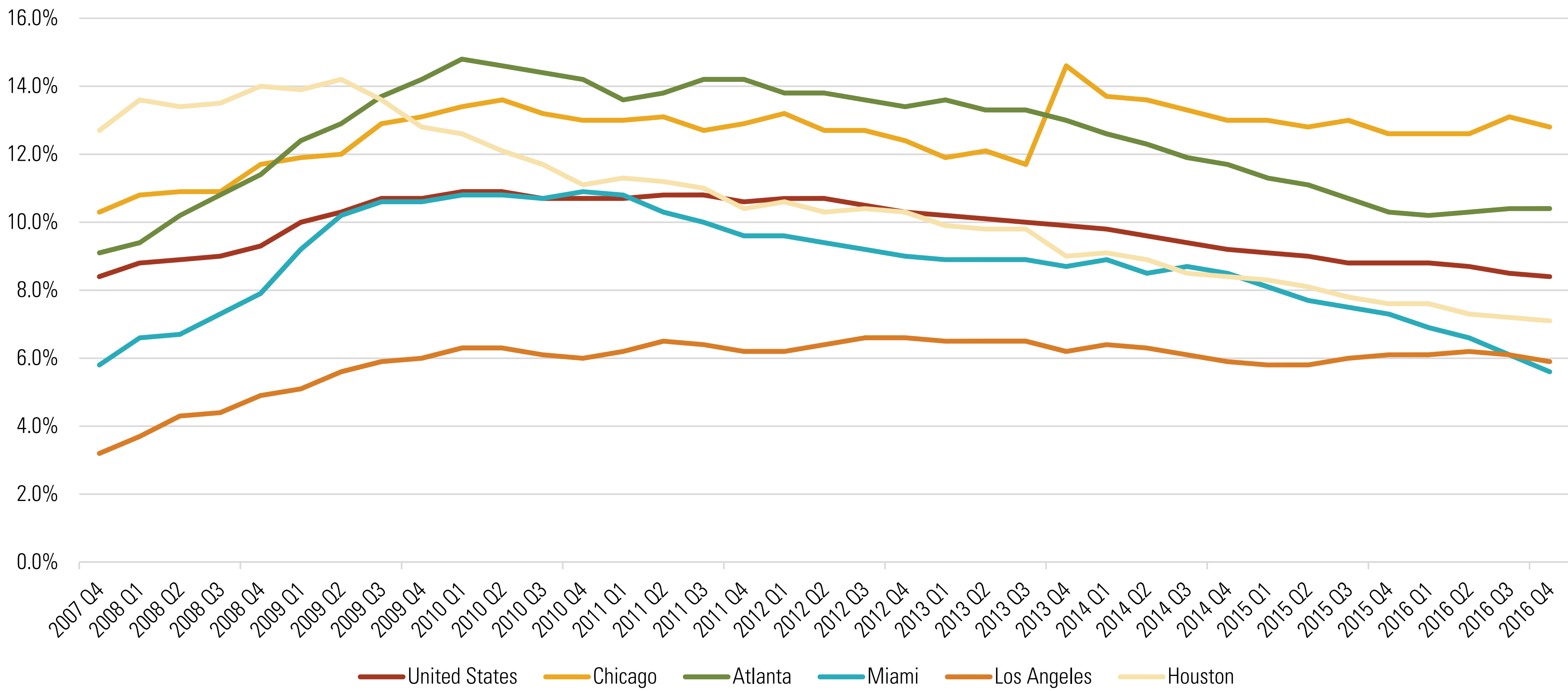
RETAIL OCCUPANCY YET TO FULLY RECOVER IN SELECT MARKETS



Note: Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets
Source: CoStar; RCLCO

RETAIL VACANCY NEARING PRE-RECESSION LEVELS DUE TO LOW LEVELS OF NEW INVENTORY

Vacancy in Five Largest Retail Markets, 2007-2016



**As of Q4 2016*
Note: Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets
Source: CoStar; RCLCO

U.S. RETAIL MARKET RISK INDICATORS:

VERY SLOW NATIONAL RECOVERY

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
2010 Q1	(0.1%)	0.1%	0.3%	88.7%	(0.2%)	(1.5%)	(1.5%)	(4.1%)
2010 Q2	0.2%	0.1%	0.3%	88.6%	(0.1%)	(1.1%)	(1.2%)	(4.9%)
2010 Q3	0.2%	0.0%	0.3%	88.7%	0.2%	(0.5%)	(4.0%)	(7.9%)
2010 Q4	0.2%	0.1%	0.3%	88.6%	(0.1%)	(0.3%)	1.9%	(4.9%)
2011 Q1	0.0%	0.1%	0.2%	88.7%	0.1%	0.0%	(0.9%)	(4.2%)
2011 Q2	0.0%	0.0%	0.2%	88.7%	0.0%	0.2%	(1.0%)	(4.0%)
2011 Q3	0.1%	0.1%	0.2%	88.7%	0.0%	0.0%	(0.6%)	(0.6%)
2011 Q4	0.2%	0.1%	0.2%	88.8%	0.0%	0.2%	(0.5%)	(2.9%)
2012 Q1	(0.1%)	0.0%	0.3%	88.8%	0.0%	0.1%	(0.4%)	(2.5%)
2012 Q2	0.1%	0.0%	0.3%	88.8%	0.0%	0.1%	(0.2%)	(1.8%)
2012 Q3	0.2%	0.0%	0.3%	88.9%	0.1%	0.2%	(0.4%)	(1.6%)
2012 Q4	0.3%	0.1%	0.2%	89.0%	0.1%	0.2%	(0.8%)	(1.8%)
2013 Q1	0.2%	0.1%	0.3%	89.1%	0.1%	0.3%	(0.7%)	(2.1%)
2013 Q2	0.2%	0.0%	0.4%	89.3%	0.2%	0.4%	(0.6%)	(2.5%)
2013 Q3	0.3%	0.1%	0.3%	89.4%	0.2%	0.5%	(0.6%)	(2.7%)
2013 Q4	0.1%	0.1%	0.3%	89.5%	0.1%	0.6%	(0.3%)	(2.2%)
2014 Q1	0.2%	0.1%	0.4%	89.6%	0.1%	0.5%	(0.1%)	(1.7%)
2014 Q2	0.2%	0.1%	0.4%	89.8%	0.1%	0.5%	0.1%	(0.9%)
2014 Q3	0.3%	0.1%	0.3%	89.9%	0.1%	0.5%	0.5%	0.2%
2014 Q4	0.3%	0.1%	0.3%	90.1%	0.2%	0.6%	0.3%	0.8%
2015 Q1	0.2%	0.1%	0.4%	90.3%	0.2%	0.6%	0.2%	1.1%
2015 Q2	0.1%	0.1%	0.4%	90.4%	0.2%	0.6%	(0.1%)	0.8%
2015 Q3	0.2%	0.1%	0.4%	90.6%	0.1%	0.7%	(0.3%)	0.1%
2015 Q4	0.1%	0.1%	0.4%	90.6%	0.1%	0.5%	(0.1%)	(0.3%)
2016 Q1	0.2%	0.1%	0.5%	90.7%	0.1%	0.4%	(0.1%)	(0.6%)
2016 Q2	0.2%	0.1%	0.5%	90.8%	0.1%	0.4%	0.1%	(0.4%)
2016 Q3	0.3%	0.1%	0.4%	90.9%	0.1%	0.3%	0.2%	0.1%
2016 Q4	0.2%	0.1%	0.3%	91.0%	0.1%	0.4%	0.2%	0.4%

**Current quarter defined as Q4 2016*
***Completions highlighted in Red if above 0.25% of Stock*
****Under Construction highlighted in Red if above 1% of Stock*
*****Green if above city's historical average since 2008*
Note: Above data includes only Neighborhood/Community centers; does NOT include power centers, regional malls, or lifestyle retail centers
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets.
Note: Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

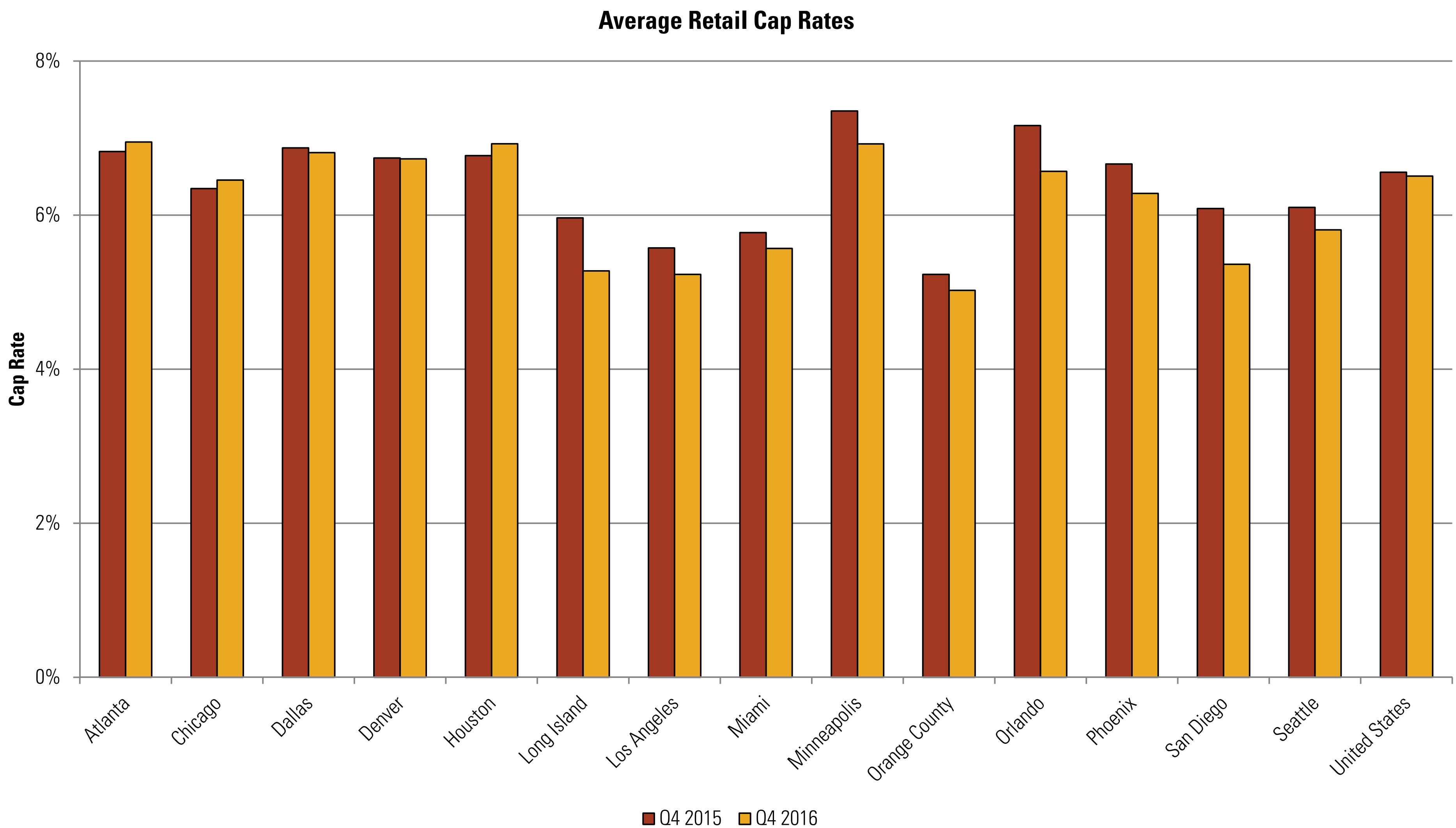
U.S. RETAIL MARKET RISK INDICATORS:

SIGNIFICANT PERFORMANCE VARIATION ACROSS MARKETS

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking NNN Rent Growth	Y-o-Y Asking NNN Rent Growth
Atlanta	0.1%	0.1%	1.7%	89.4%	(0.0%)	0.6%	0.6%	1.0%
Chicago	0.4%	0.1%	0.2%	86.3%	0.0%	0.3%	(0.9%)	(5.4%)
Dallas	0.3%	0.0%	0.2%	89.8%	0.4%	1.3%	(0.5%)	0.7%
Denver	0.5%	0.0%	0.0%	90.1%	0.2%	0.1%	1.1%	3.6%
Houston	0.5%	0.4%	0.1%	92.6%	0.1%	0.6%	(0.5%)	(2.8%)
Long Island	0.1%	0.0%	0.2%	95.0%	(0.2%)	(1.4%)	(0.0%)	(1.2%)
Los Angeles	0.3%	0.1%	0.3%	92.9%	0.2%	(0.5%)	(0.6%)	1.8%
Miami	0.5%	0.1%	0.1%	93.6%	0.4%	1.4%	1.0%	4.2%
Minneapolis	(0.2%)	0.0%	0.4%	92.9%	(0.1%)	1.0%	0.5%	1.2%
Orange County	(0.2%)	0.0%	0.0%	95.0%	0.0%	0.2%	0.8%	6.1%
Orlando	0.4%	0.2%	0.0%	90.6%	0.1%	(0.1%)	(1.3%)	(4.0%)
Phoenix	0.0%	0.0%	0.0%	86.2%	0.1%	0.3%	0.5%	1.7%
San Diego	0.8%	0.0%	0.0%	93.1%	0.7%	0.3%	(1.0%)	(2.5%)
Seattle	0.3%	0.0%	0.3%	93.1%	0.0%	(0.2%)	1.1%	0.1%
United States	0.2%	0.1%	0.3%	91.0%	0.1%	0.4%	0.2%	0.4%

**Current quarter defined as Q4 2016*
***Completions highlighted in Red if above 0.25% of Stock*
****Under Construction highlighted in Red if above 1% of Stock*
*****Green if above city's historical average since 2008*
Note: Above data includes only Neighborhood/Community centers; does NOT include power centers, regional malls, or lifestyle retail centers
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets.
Note: Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

RETAIL CAP RATES COMPRESS IN MANY MARKETS

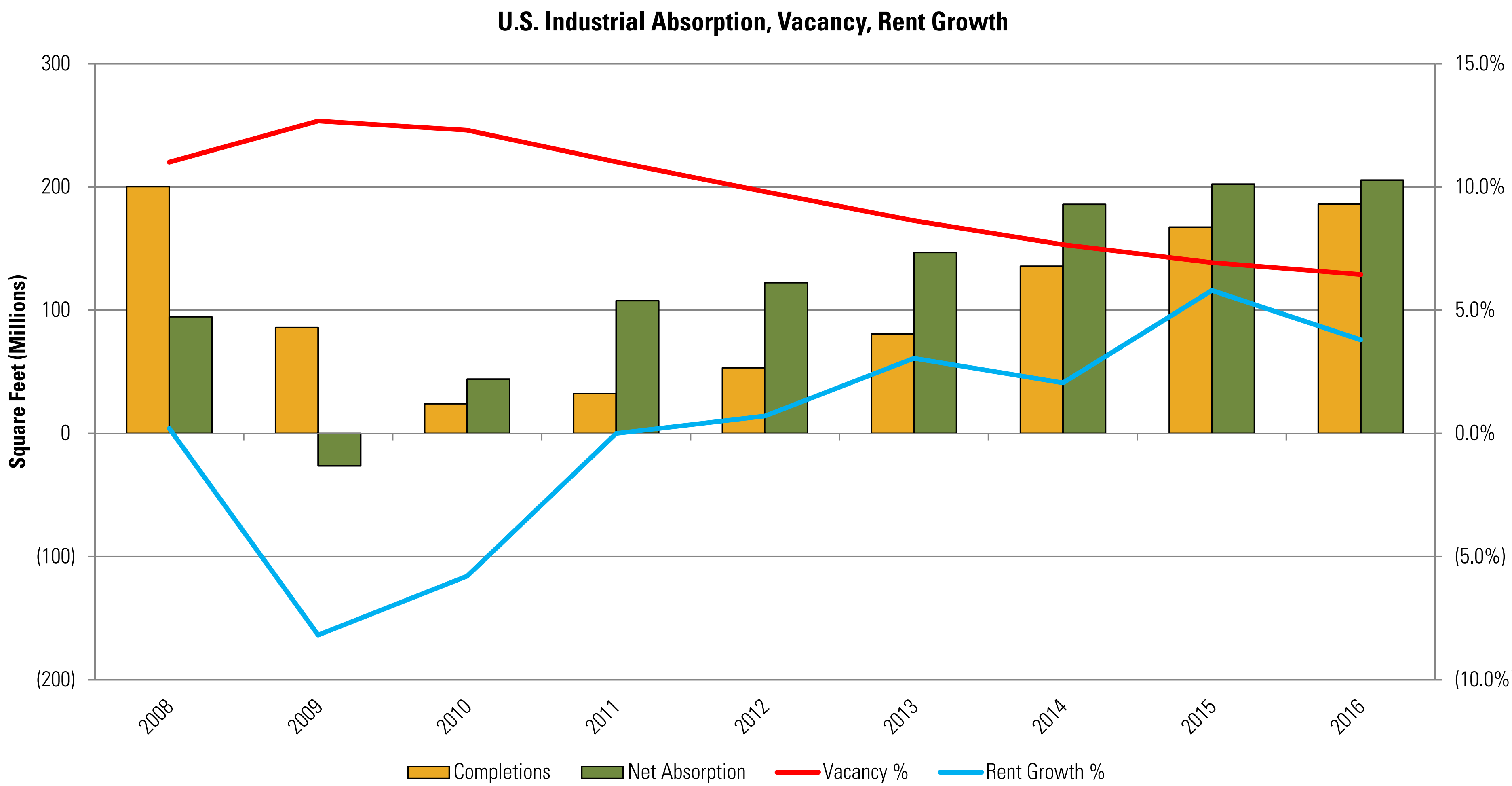


Source: RCA

RCLCO

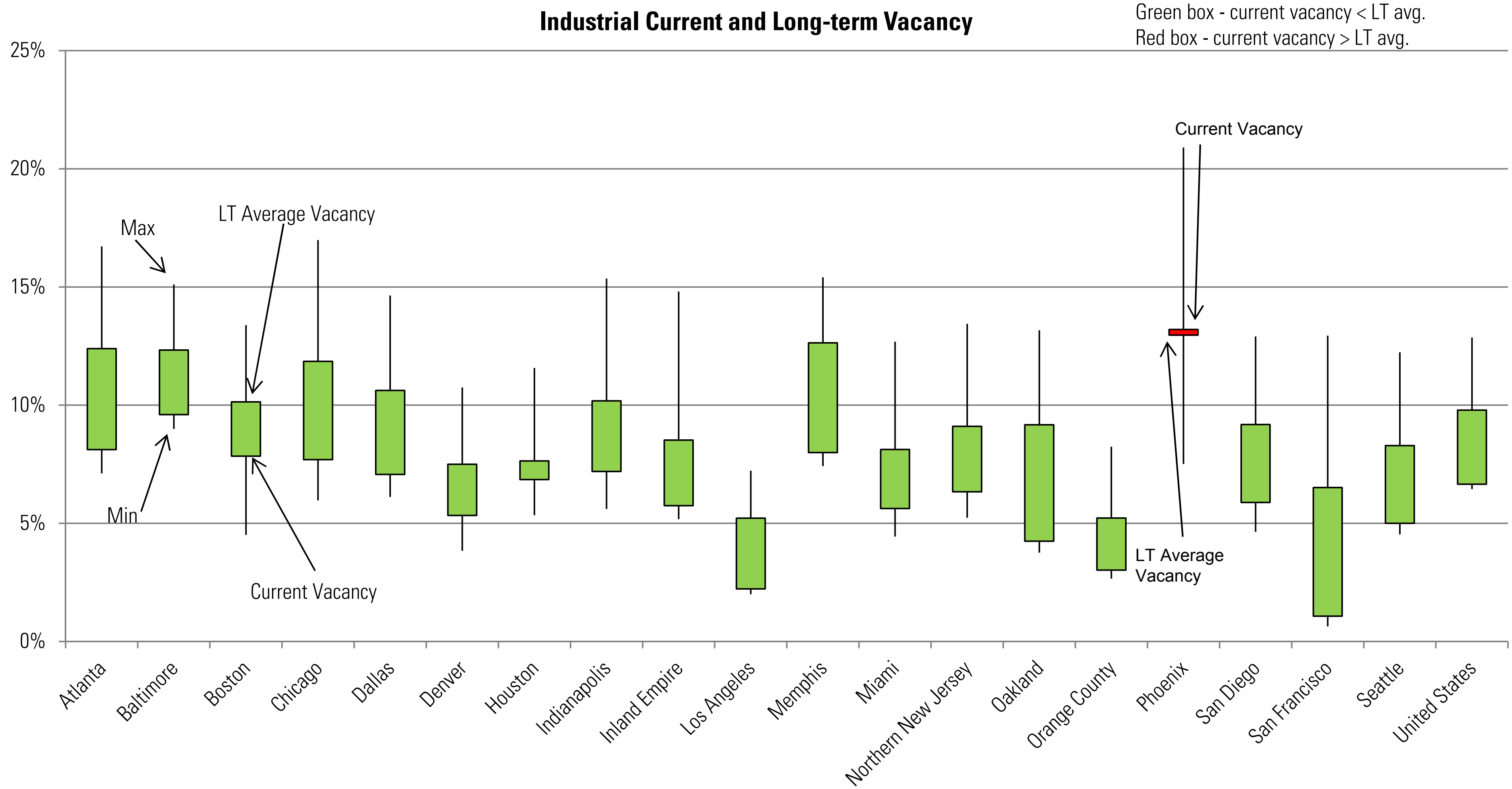
INDUSTRIAL

U.S. INDUSTRIAL VACANCY DECLINES AS ABSORPTION STILL OUTPACES COMPLETIONS; RENT GROWTH STILL STRONG



Note: Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

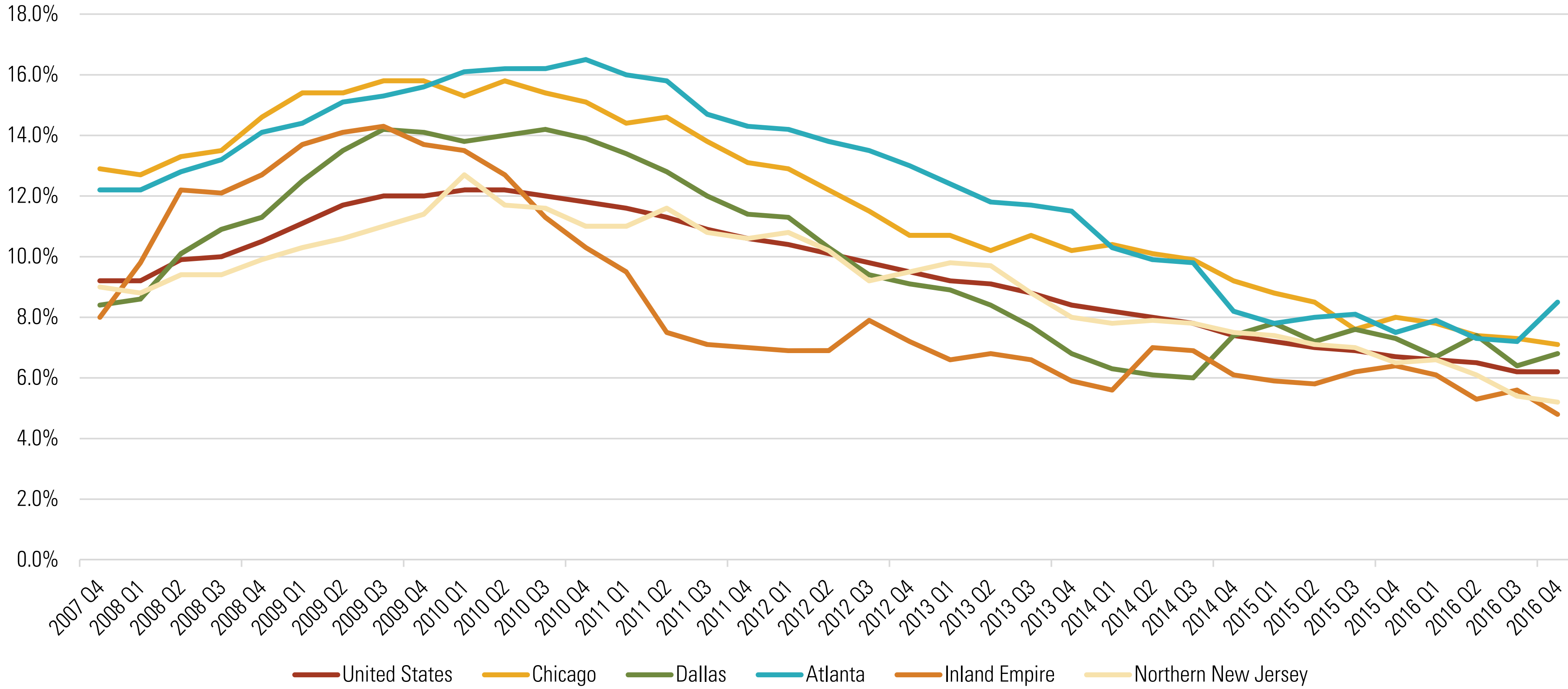
INDUSTRIAL VACANCY CONTINUES TO DECLINE IN MOST MARKETS, REMAINING WELL BELOW AVERAGE NATIONWIDE



Note: Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets
Source: CoStar; RCLCO

INDUSTRIAL VACANCY WELL BELOW PRE-RECESSION LEVELS NATIONWIDE & IN MAJOR MARKETS; STILL DECLINING IN IE, NJ, & CHICAGO

Vacancy in Five Largest Industrial Markets, 2007-2016



**As of Q4 2016*
Note: Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating
Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets
Source: CoStar; RCLCO

RCLCO

U.S. INDUSTRIAL MARKET RISK INDICATORS:

STRONG PERFORMANCE LEADING TO CONSTRUCTION ACTIVITY; STILL NOT KEEPING UP WITH DEMAND

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
2010 Q1	(0.1%)	0.1%	0.4%	87.4%	(0.3%)	(1.7%)	(2.1%)	(6.5%)
2010 Q2	0.1%	0.1%	0.4%	87.2%	(0.1%)	(1.4%)	(2.1%)	(7.5%)
2010 Q3	0.3%	0.1%	0.4%	87.8%	0.6%	(0.3%)	(5.0%)	(10.9%)
2010 Q4	0.4%	0.1%	0.4%	87.3%	(0.5%)	(0.3%)	1.7%	(7.5%)
2011 Q1	0.3%	0.1%	0.5%	87.5%	0.2%	0.1%	(1.0%)	(6.4%)
2011 Q2	0.4%	0.1%	0.5%	87.8%	0.3%	0.6%	(0.6%)	(5.0%)
2011 Q3	0.5%	0.2%	0.4%	88.1%	0.3%	0.3%	(0.4%)	(0.4%)
2011 Q4	0.5%	0.1%	0.6%	88.4%	0.3%	1.1%	0.0%	(2.0%)
2012 Q1	0.3%	0.1%	0.7%	88.8%	0.3%	1.2%	0.1%	(0.9%)
2012 Q2	0.4%	0.1%	0.9%	89.1%	0.3%	1.2%	0.2%	(0.1%)
2012 Q3	0.6%	0.2%	1.0%	89.4%	0.3%	1.2%	0.2%	0.5%
2012 Q4	0.7%	0.4%	0.9%	89.7%	0.3%	1.2%	0.2%	0.7%
2013 Q1	0.5%	0.2%	1.3%	90.0%	0.3%	1.2%	0.3%	0.8%
2013 Q2	0.5%	0.3%	1.3%	90.3%	0.3%	1.2%	0.5%	1.1%
2013 Q3	0.7%	0.5%	1.5%	90.5%	0.3%	1.2%	0.6%	1.6%
2013 Q4	0.8%	0.3%	1.7%	90.8%	0.3%	1.2%	0.8%	2.2%
2014 Q1	0.6%	0.4%	1.9%	91.1%	0.3%	1.1%	0.7%	2.6%
2014 Q2	0.6%	0.5%	2.0%	91.4%	0.3%	1.1%	0.7%	2.8%
2014 Q3	0.8%	0.6%	2.3%	91.7%	0.3%	1.2%	0.6%	2.8%
2014 Q4	1.0%	0.7%	2.2%	91.9%	0.2%	1.1%	0.5%	2.5%
2015 Q1	0.7%	0.5%	2.1%	92.2%	0.2%	1.1%	0.7%	2.6%
2015 Q2	0.7%	0.6%	2.2%	92.4%	0.2%	1.0%	0.9%	2.8%
2015 Q3	0.8%	0.7%	2.4%	92.6%	0.2%	0.9%	1.2%	3.3%
2015 Q4	0.9%	0.7%	2.5%	92.8%	0.2%	0.9%	1.4%	4.3%
2016 Q1	0.7%	0.7%	2.4%	92.9%	0.1%	0.8%	1.5%	5.0%
2016 Q2	0.7%	0.6%	2.5%	93.1%	0.1%	0.6%	1.3%	5.5%
2016 Q3	1.0%	0.8%	2.4%	93.2%	0.2%	0.6%	1.2%	5.5%
2016 Q4	0.7%	0.6%	2.3%	93.3%	0.1%	0.6%	0.9%	5.0%

**Current quarter defined as Q4 2016*

***Completions highlighted in Red if above 1% of Stock*

****Under Construction highlighted in Red if above 1% of Stock*

*****Green if above city's historical average since 2008*

Note: Above data includes only warehouses and distribution centers; does NOT include other industrial buildings

Note: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets.

Note: Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating

Source: CoStar; RCLCO

RCLCO

U.S. INDUSTRIAL MARKET RISK INDICATORS:

CONSTRUCTION HAS RAMPED UP IN MOST MARKETS, BUT GENERALLY NOT ENOUGH TO MEET DEMAND

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking NNN Rent Growth	Y-o-Y Asking NNN Rent Growth
Atlanta	0.3%	1.7%	2.8%	91.9%	(0.3%)	(0.0%)	1.4%	7.2%
Baltimore	(0.2%)	0.1%	3.8%	90.4%	0.2%	1.0%	0.6%	2.5%
Boston	0.9%	0.3%	1.2%	92.2%	0.2%	0.8%	0.9%	2.5%
Chicago	0.8%	0.8%	2.8%	92.3%	0.2%	0.7%	(0.4%)	1.5%
Dallas	0.4%	0.9%	3.2%	92.9%	0.1%	0.6%	1.1%	3.3%
Denver	0.1%	1.2%	1.5%	94.7%	(0.4%)	(1.2%)	(0.3%)	6.4%
Houston	0.8%	1.0%	2.1%	93.1%	(0.2%)	(1.2%)	1.5%	6.9%
Indianapolis	0.9%	0.7%	0.1%	92.8%	0.7%	1.9%	0.0%	0.9%
Inland Empire	1.3%	0.5%	5.1%	94.3%	0.3%	0.5%	1.4%	9.5%
Los Angeles	0.3%	0.5%	1.6%	97.8%	(0.1%)	0.6%	2.1%	7.4%
Memphis	(0.2%)	0.0%	1.5%	92.0%	0.4%	2.9%	0.9%	5.6%
Miami	0.6%	0.3%	1.6%	94.4%	0.3%	1.1%	2.4%	7.7%
Northern New Jersey	0.5%	0.2%	3.2%	93.7%	0.4%	1.4%	3.5%	11.2%
Oakland	2.0%	0.5%	0.9%	95.8%	0.1%	0.8%	3.4%	14.8%
Orange County	0.5%	0.3%	0.1%	97.0%	0.1%	0.4%	2.7%	10.5%
Phoenix	1.6%	0.7%	2.2%	86.8%	0.0%	0.0%	0.9%	7.3%
San Diego	0.6%	0.0%	0.3%	94.1%	0.1%	(0.5%)	3.2%	11.9%
San Francisco	(0.5%)	0.0%	0.0%	98.9%	0.2%	2.4%	5.1%	6.9%
Seattle	0.4%	0.5%	2.3%	95.0%	0.3%	0.7%	2.2%	2.6%
United States	0.7%	0.6%	2.3%	93.3%	0.1%	0.6%	0.9%	5.0%

**Current quarter defined as Q4 2016*
***Completions highlighted in Red if above 1% of Stock*
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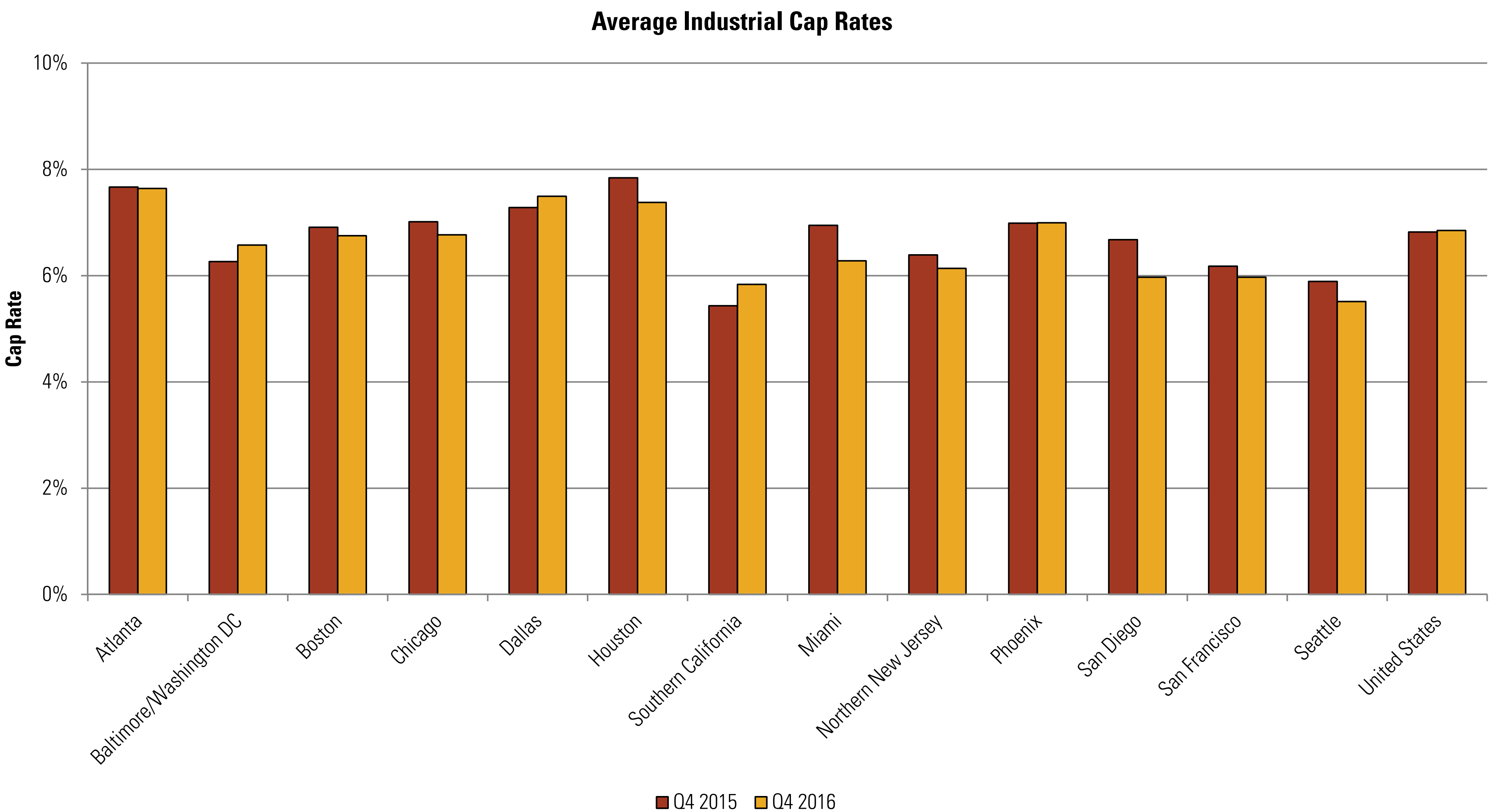
Note: Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating
Source: CoStar; RCLCO

INDUSTRIAL CAP RATES STILL LOW;

COMPRESSING IN MOST, BUT NOT ALL, MARKETS



Source: RCA

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