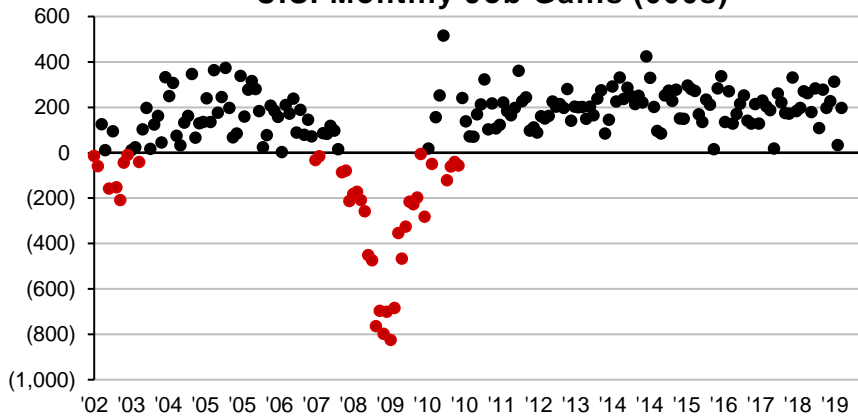


### Economic Overview

- March nonfarm payrolls exceeded expectations, while YoY wage growth ticked down to around 3%
- Yield curve inversions, muted inflation, and political uncertainty may spur expansionary monetary policy
- Odds of a rate cut in '19 have crept up to ~50% from ~20% over the last month

U.S. Monthly Job Gains (000s)



Recent Economic Releases

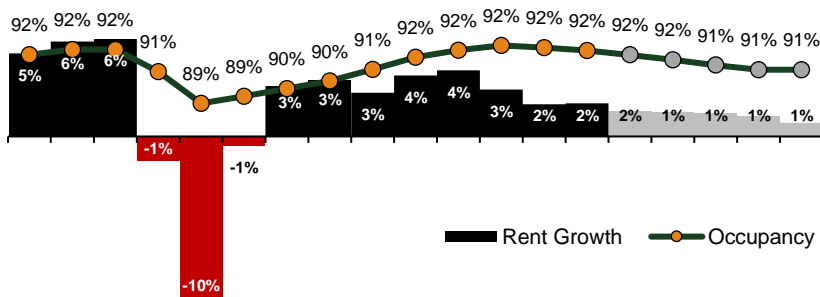
	Date	Cons.	Actual	
NF Payrolls	4/5	170 K	196 K	+
Unempl Rate	4/5	3.8%	3.8%	●
Retail Sales	4/1	0.3%	-0.2%	-
CPI	4/10	0.3%	0.4%	+
CPI ex F&E	4/10	0.2%	0.1%	-
ISM Manuf	4/1	54.2	55.3	+
New Home Sales	3/29	615 K	667 K	+
Housing Starts	3/26	1,201 K	1,162 K	-
Consumer Conf	3/26	133.0	124.1	-
Personal Income	3/29	0.3%	0.2%	-

### Operating Fundamentals

- Industrial is poised for continued rent growth, retail will see falling rents and occupancy
- Supply is weighing on M-RevPAF growth for most property types, but construction is not yet "problematic"
- Rent growth is expected to hug inflation, many sectors will struggle to hit 2% per year in the near-term

Occupancy and Rent Growth

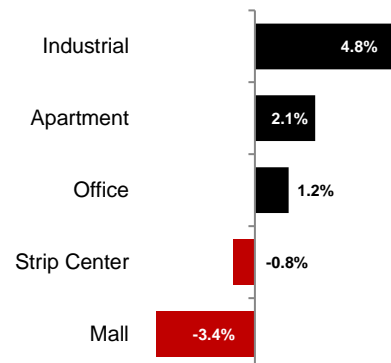
Major Sector Avg.



'05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19E'20E'21E'22E'23E

'19-'23E RevPAF Growth

Rent plus Occ. Changes

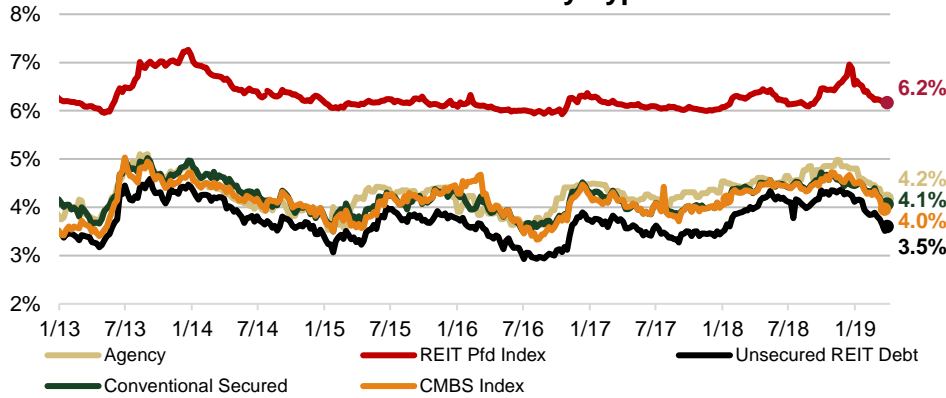


Source: BEA, BLS, Census Bureau, Federal Reserve, and Green Street Advisors.

## Real Estate Debt Markets

- The 10-year Treasury hit its lowest level in over a year in late March and rebounded marginally in April
- Lower rates were welcomed by commercial real estate investors, debt markets remain open and accommodative
- CMBS activity is off to a slow start in '19, as market volatility in late '18 took a toll on origination volumes

### CRE Debt Costs by Type

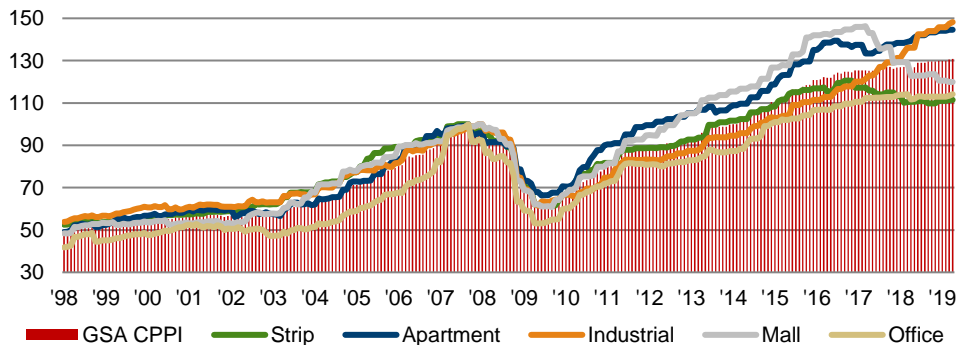


Metric	Rate	Δ (bps)	
		1mo	12mo
10-Yr Treasury	2.50%	-9	-46
Fed Funds	2.50%	+0	+75
1-Mo LIBOR	2.47%	-1	+58
Baa Corp 30 yr	4.73%	-15	+8
High Yield	6.09%	-33	-2
Conv Secured	4.07%	-13	-45
CMBS Index	3.96%	-23	-52
Agency 10 yr	4.18%	-21	-43
REIT Pref Index	6.17%	-5	-22
30-Yr Mortgage	4.07%	-24	-34

## Public and Private Market CRE Pricing

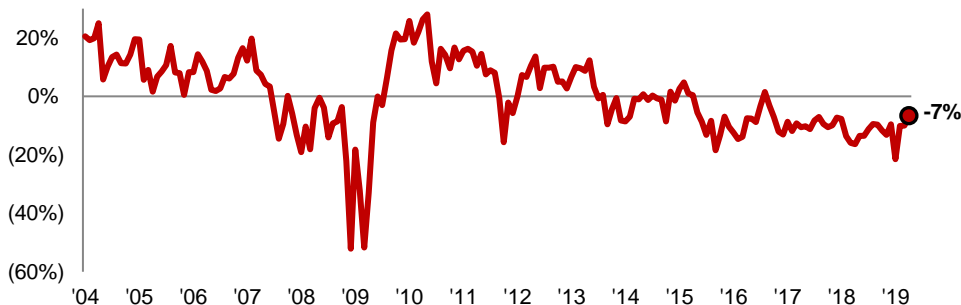
- Property values are moving sideways, having increased by less than 1% over the past 6 months
- Industrial asset values ticked up in March, mall values down ~18% from '17 peak
- Real estate is fairly valued vs REITs and corporate bonds; values expected to hold due to available debt capital

### CPPIs: Indexed to 100 in 2007



Sector	Index Value	CPPI Changes	
		1mo	12mo
Apartment	145	0%	4%
Industrial	148	0%	9%
Mall	120	0%	(2%)
Office	114	1%	2%
Strip	111	0%	1%
<b>Major Sectors</b>	<b>131</b>	<b>0%</b>	<b>4%</b>

### REIT NAV Premiums / Discounts



Sector	Prem to NAV	Total Returns	
		1mo	12mo
Apartment	(5%)	4%	27%
Industrial	8%	4%	22%
Mall	(10%)	1%	14%
Office	(15%)	3%	11%
Strip	(8%)	3%	19%
<b>Major Sectors</b>	<b>(7%)</b>	<b>3%</b>	<b>6%</b>

Note: Pricing as of April 2019.

Source: BAML, Bank Rate, Bloomberg, CommercialBanc, CWSG, Federal Reserve, ICE Benchmark Administration, Moody's, U.S. Treasury, and Green Street Advisors.

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