

An aerial night view of a city skyline, likely New York City, showing numerous illuminated skyscrapers and a dense urban landscape. The lights are primarily yellow and white, with some green and red accents. The sky is dark blue.

What's Next?

Real Estate
in the
New Economy

It's a whole new world. Not just a cycle. We must go forward, we can't go back.

- The *combination* of factors creates a whole new economy, requiring new analysis

The New Economy

- Globalization
 - Of capital
 - Rise of the rest
 - Instant technology
 - Information
 - Ownership?
 - Of labor
 - New outsourcing
 - World labor pool



Change in all aspects of life

- **Work**—Jobs, Work force, Regional disparities
- **Live**—Housing, Demand, Size
- **Connect**—Technology, Office Space
- **Move**--Infrastructure
- **Renew**—Sustainability Trends
- **Invest**—Capital Markets and Finance

New Demographics

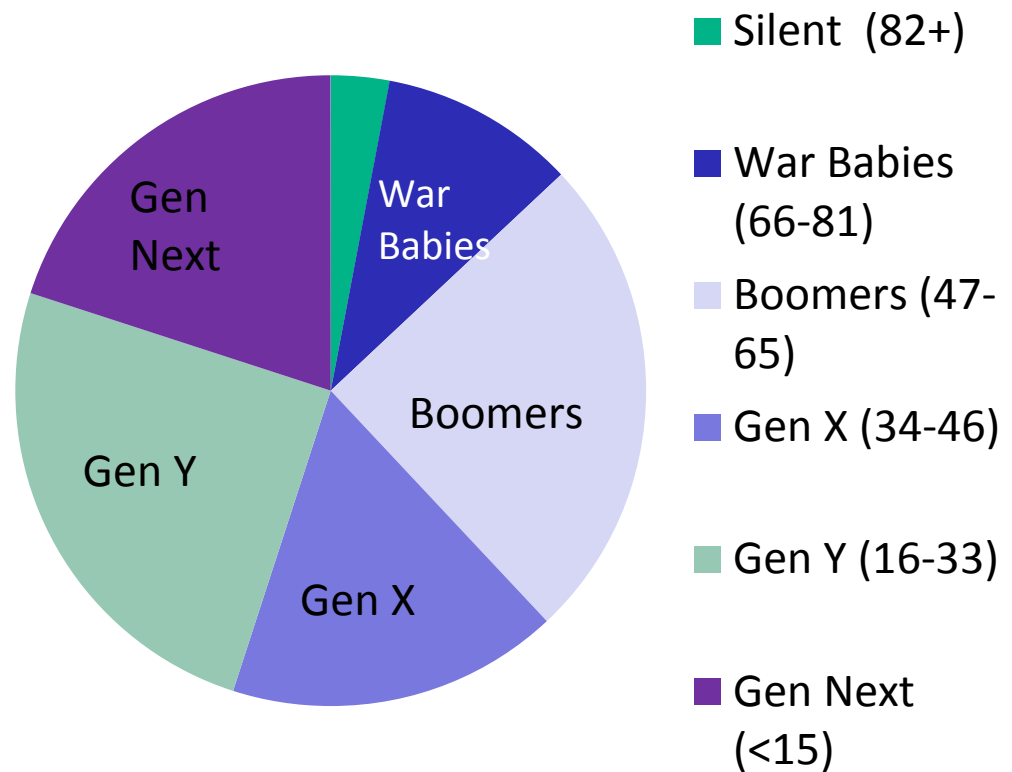
U.S. Age Cohorts

Gen Y: 85 million +

Gen X: 41 million

Boomers: 81 million

Depression/Silent:
40 million



Source: US Census

Work

NATIONAL
CareerFairs
making connections face to face

CAREER FAIR

Where the hell are the jobs?

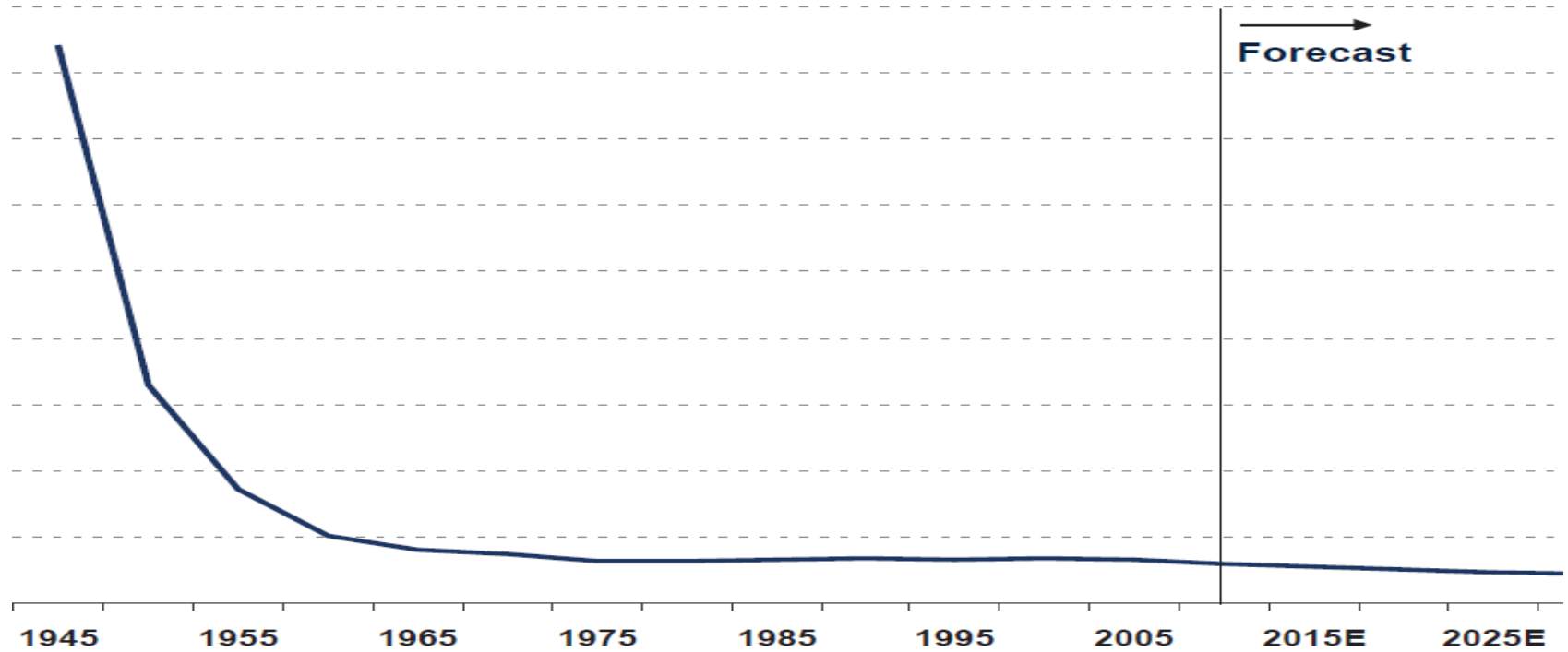


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A New Math

Social Security: Each Retiree Was Supported by 42 Workers in 1945 & Just 3 Workers in 2009

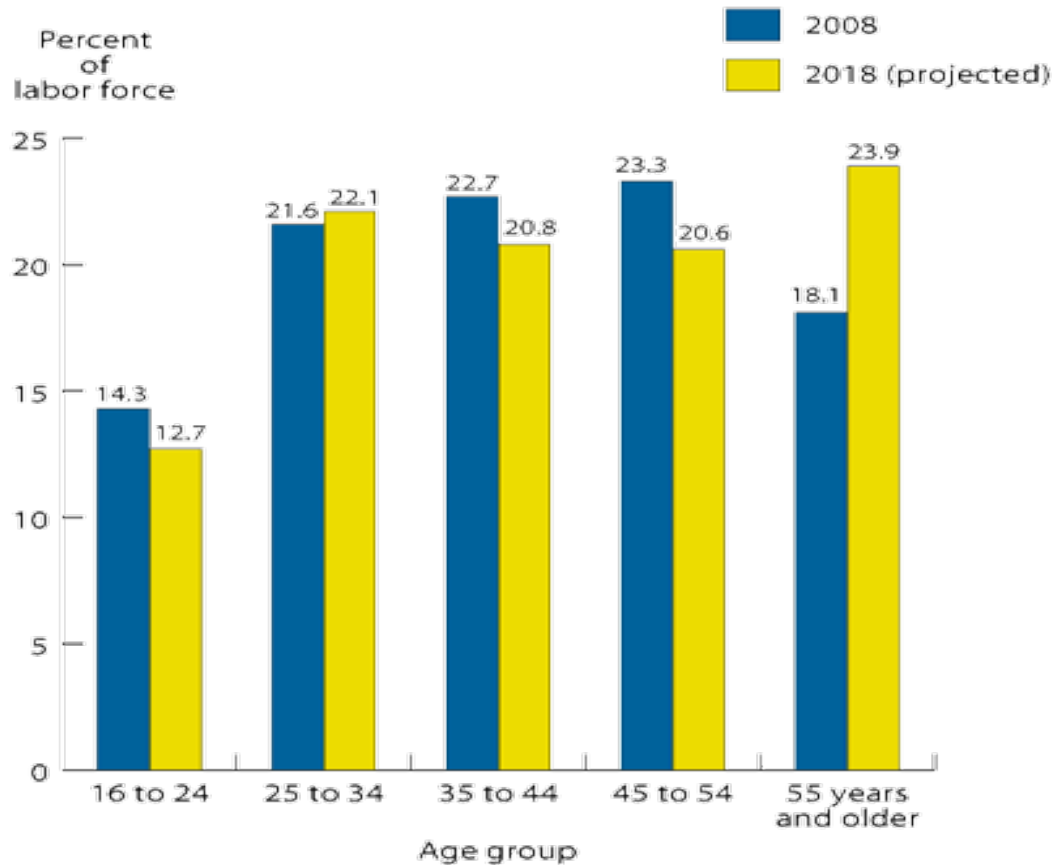
Supporting Workers per Social Security Beneficiary, 1945 – 2030E



Source: Social Security .

Going Forward 2008-2018

Chart 3. Percent of labor force, by age group



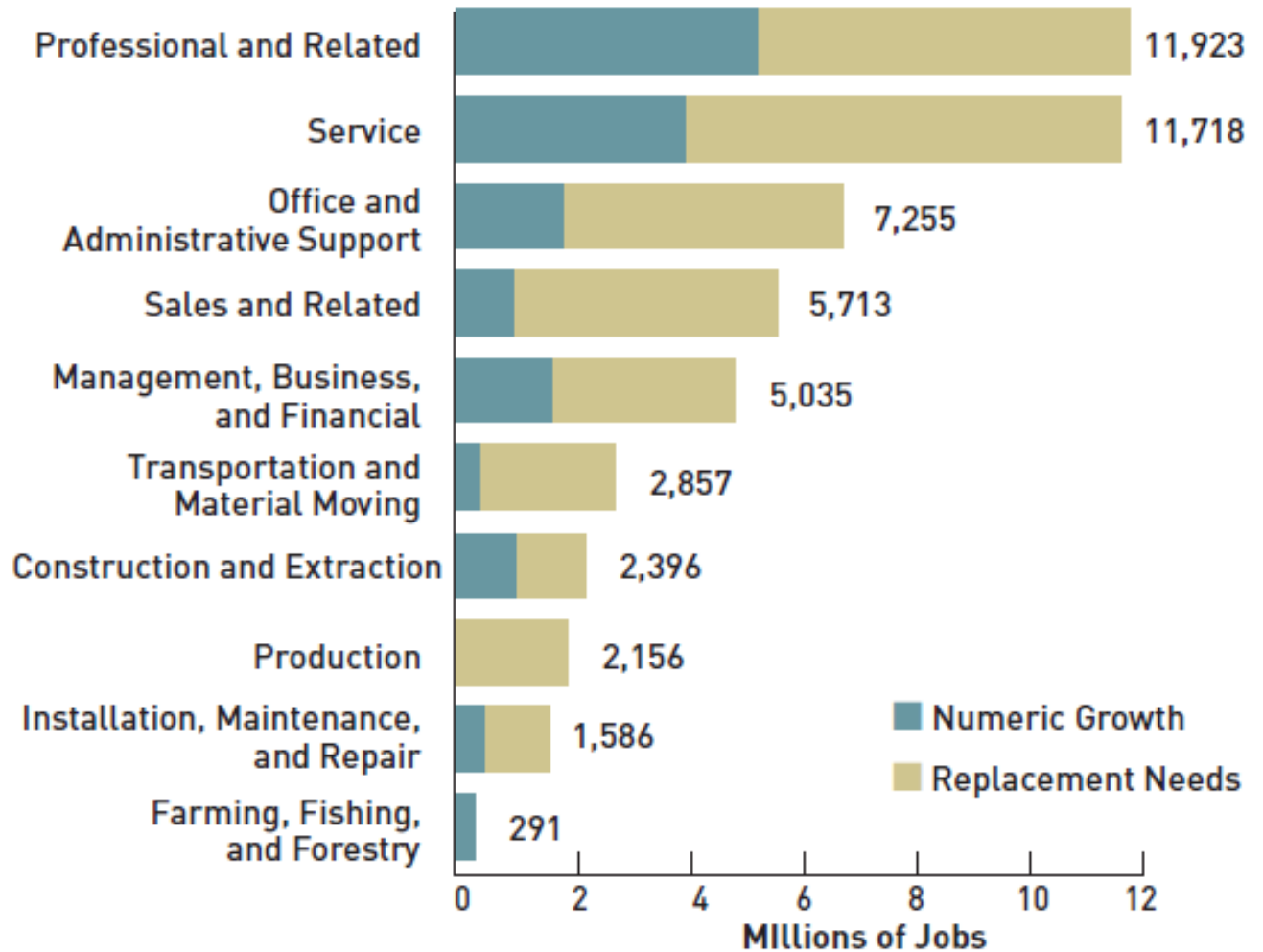
Source: BLS Division of Industry Employment Projections

- Modest additional labor force participation at younger level, less in 25-44 age group
- + 55—Keep working!

Employment Changes 1990-2010

| U.S. Metro | Manufacturing | | | Professional and Business Services | | | Education and Health Services | | |
|----------------------|---------------|-------------|-------------|------------------------------------|--------------|------------|-------------------------------|--------------|-------------|
| | 1990 | 2010 | % Change | 1990 | 2010 | % Change | 1990 | 2010 | % Change |
| RESEARCH TRI. | 76.9 | 62.1 | -19% | 62.4 | 121.4 | 95% | 51.6 | 118.5 | 130% |
| SAN DIEGO | 123.4 | 90.7 | -26% | 124.1 | 198.8 | 60% | 84.1 | 147.4 | 75% |
| PHILADELPHIA | 246.9 | 132.3 | -46% | 213.6 | 288.1 | 35% | 278.3 | 422.7 | 52% |
| BOSTON | 205.8 | 92 | -55% | 226.1 | 296.1 | 31% | 267.2 | 378.5 | 42% |
| RICHMOND | 61.7 | 32.9 | -47% | 66 | 92.8 | 41% | 41.6 | 85 | 104% |
| WASHINGTON | 50.8 | 35.2 | -31% | 289.8 | 557.8 | 92% | 152.7 | 280.6 | 84% |
| DENVER | 84.8 | 59 | -30% | 129.5 | 202.6 | 56% | 72 | 143.9 | 100% |
| BALTIMORE | 128.5 | 59.5 | -54% | 123.1 | 191.4 | 55% | 145.8 | 244.6 | 68% |
| SAN FRAN | 170.5 | 113.4 | -33% | 275.7 | 339.8 | 23% | 173.7 | 235.5 | 36% |
| PITTSBURGH | 130.6 | 85.5 | -35% | 126.6 | 155.6 | 23% | 160.2 | 239.8 | 50% |
| USA | 17695 | 11743 | -34% | 10848 | 16991 | 57% | 10984 | 19838 | 81% |

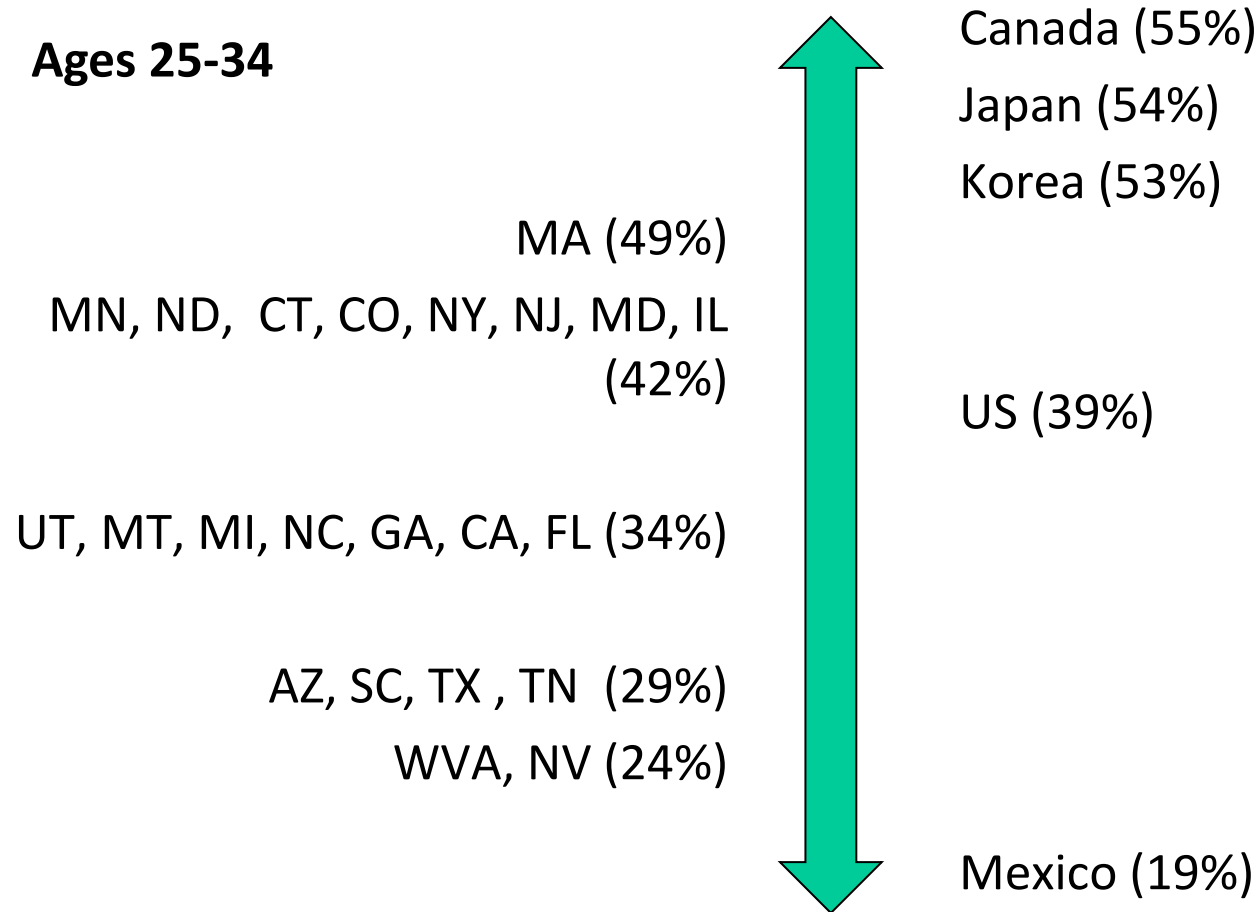
Number of U.S. Job Openings Due to Growth and Replacement Needs, by Major Occupational Group, 2008–2018



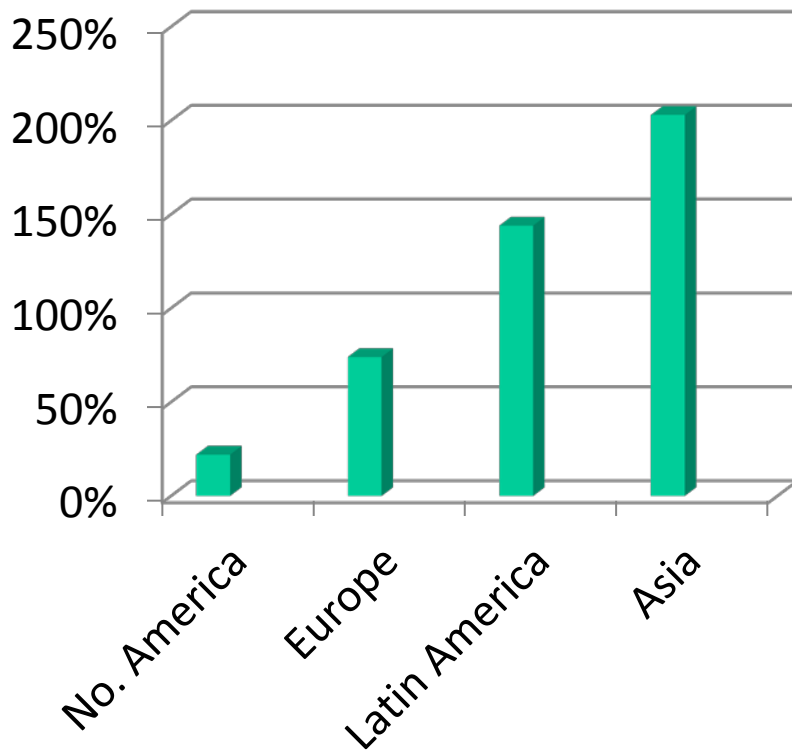
Source: BLS Division of Occupational Outlook.

Young Adult Degree Attainment

Ages 25-34



World Increase in University Attendance: 1990-2007



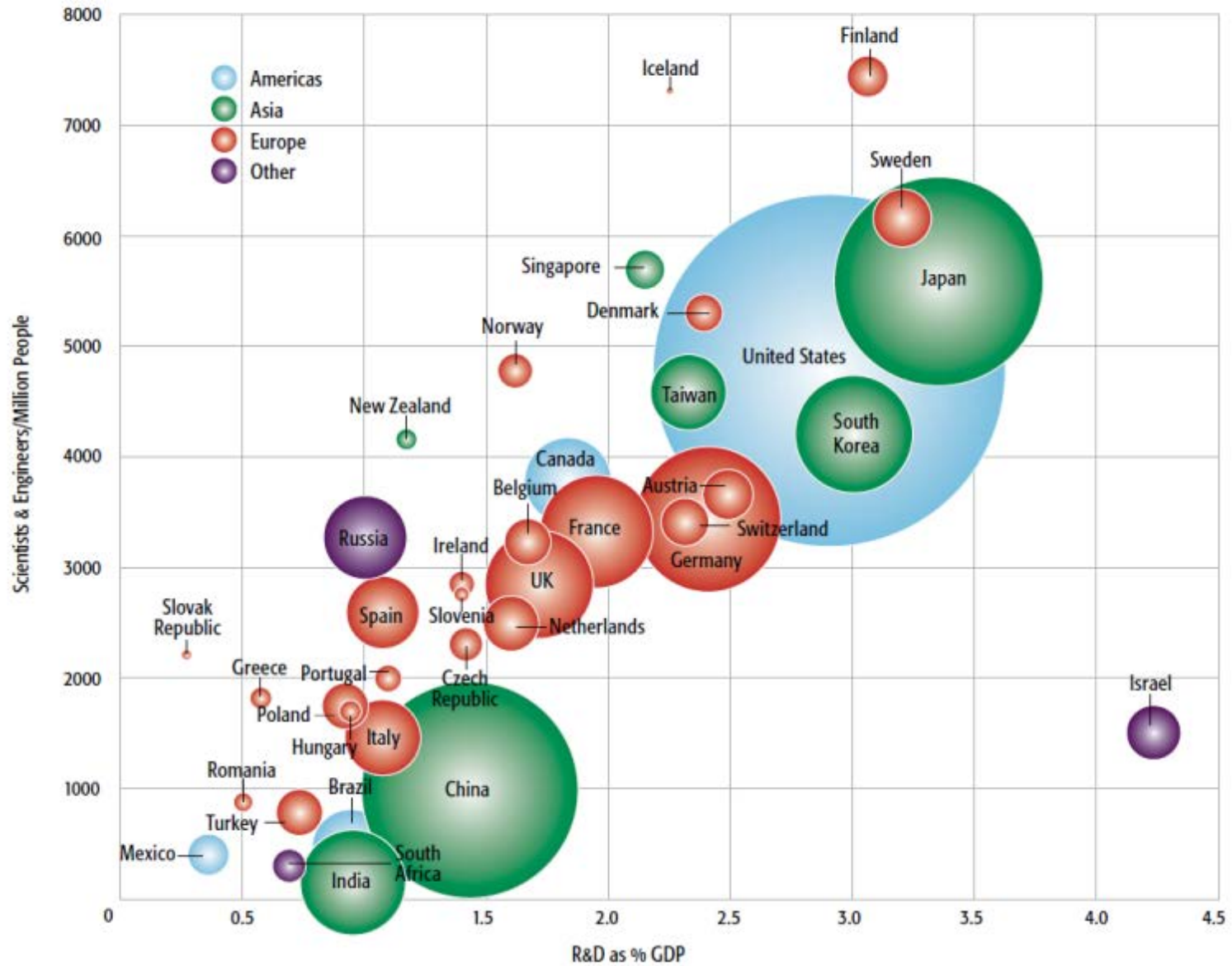
Source: Chronicle of Higher Education

Competition Heats Up

- 150 million university attendees in 2007, worldwide, 70 million in Asia
- New universities being built, fierce market for top talent
- Technology resets the deck
- Hollowing-out of middle

World of R&D 2010

Size of circle reflects the relative amount of annual R&D spending by the country noted.



Where Will Jobs Come From?

- Manufacturing continues decline, with some CAD bright spots
- Dramatic rise in “eds and meds”
- Anchor institutions
- Need: capital, business climate, college



Good Things

- Jobs will continue to cluster around eds and meds
- Jobs will cluster around places with a better educated work force
- Most growth is urban
- America is still wildly entrepreneurial and leads in venture capital

Challenges

- We MUST ramp up education/training with an urgency
- Funding for r&d needs to increase
- Reduce barriers sensibly
- Balance sustainable growth with budget cuts

Live



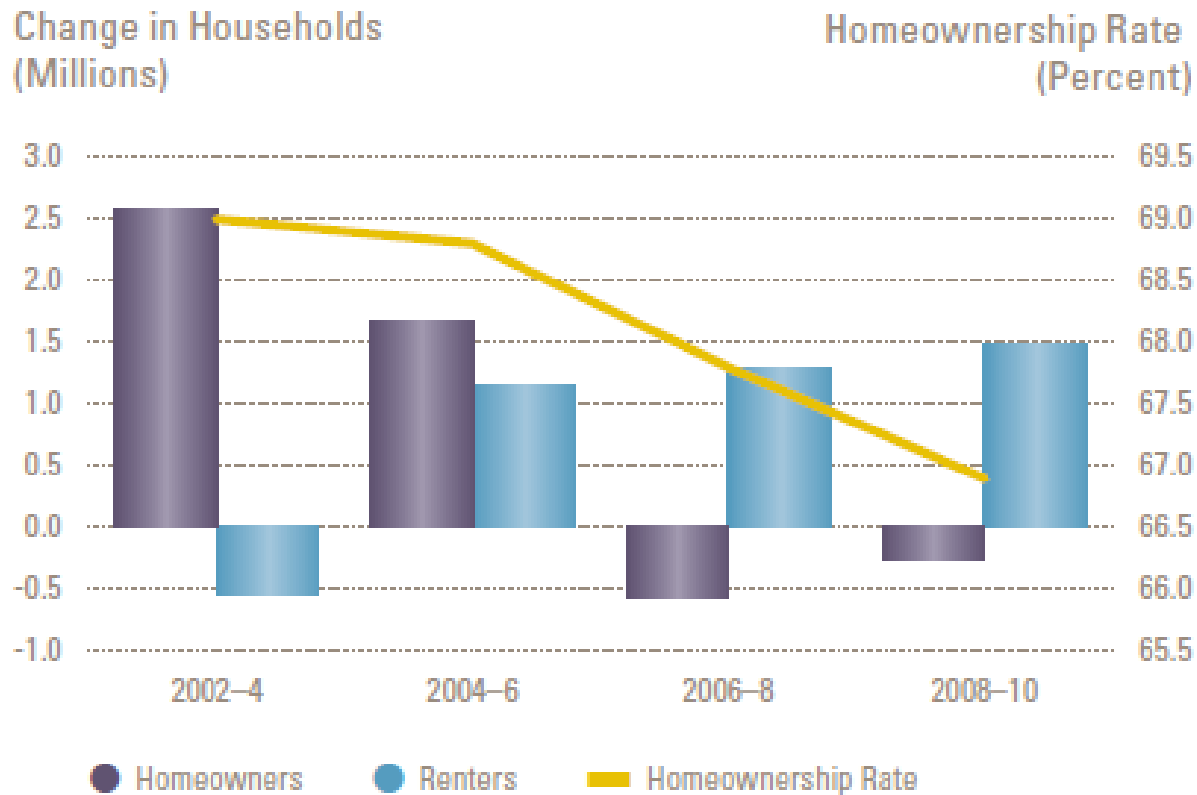
What and where do you call **home**?



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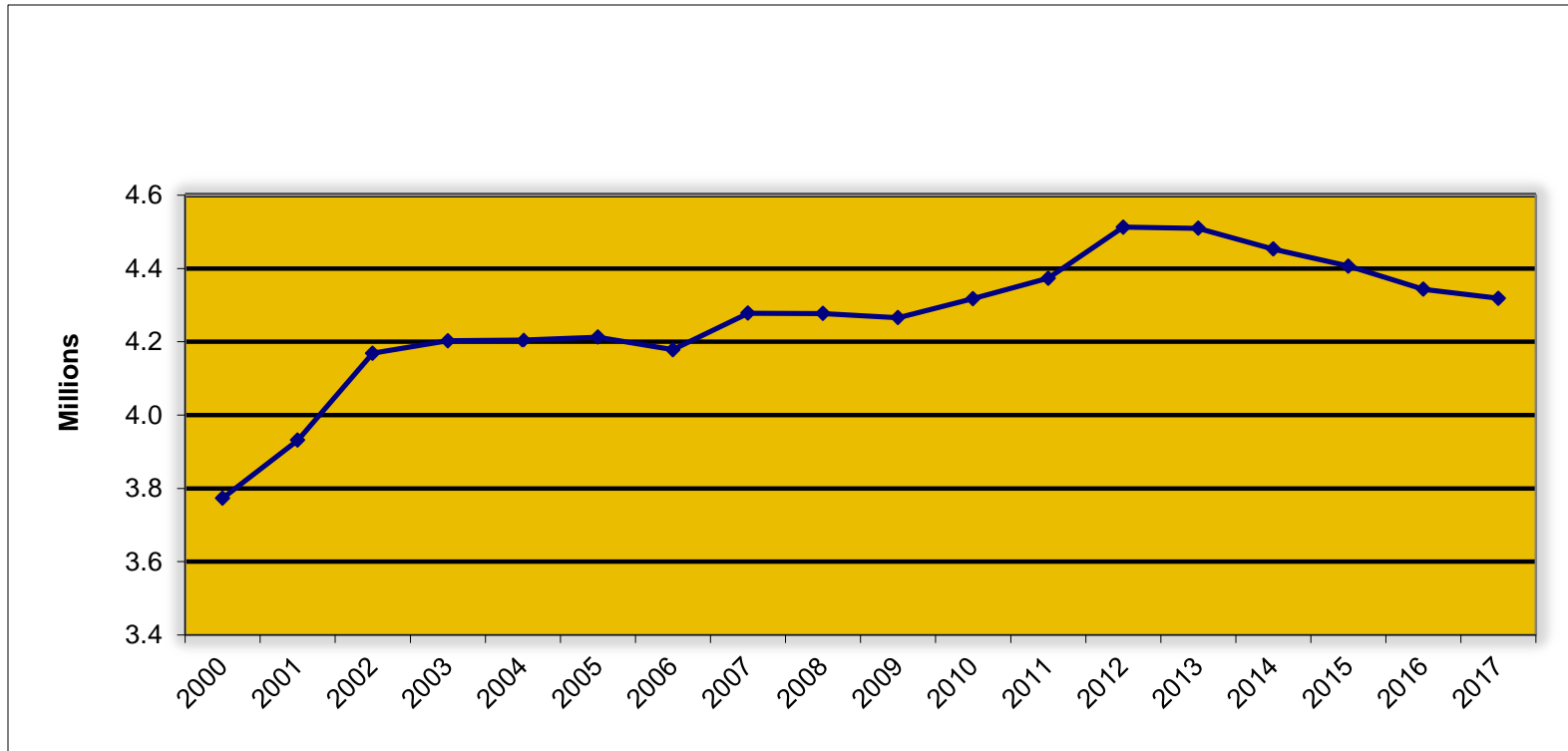
Apartment Living on the Rise

Falling Homeownership Rates Reflect a Sharp Turnaround in Owner and Renter Household Growth



Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

Young Surge



Over 4.3 million people turning 22 through 2017

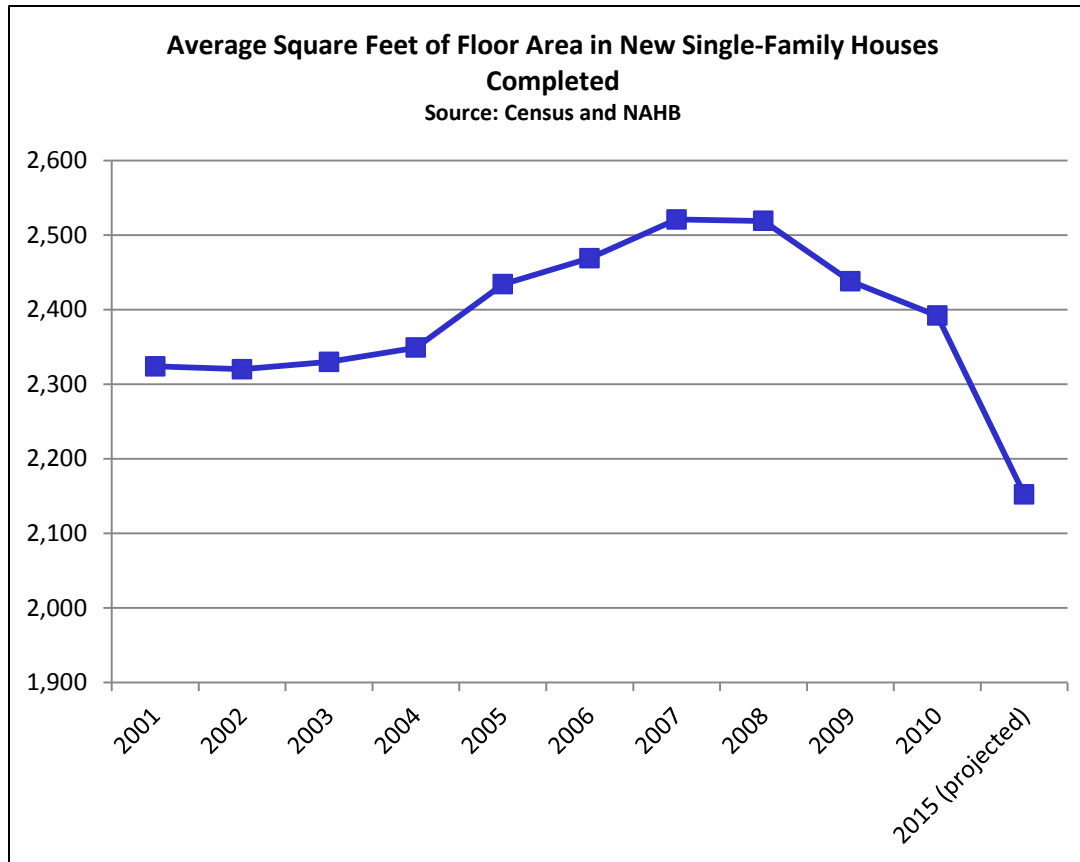
Housing Outlook

- Smaller homes
- More multi-generational
- More convenient
- Transit Linked
- Housing Demand
- Increased Rental



"When I was your age, I was an adult."

Small is Beautiful Decade?



- Attached?
- Starter homes?
- Little boxes?



"O.K., folks, let's move along. I'm sure you've all seen someone qualify for a loan before."

Housing Trends

- Less homeownership
- Less mobility
- More multi-generational
- More energy efficient, smaller
- Closer to transit
- Mixed-use



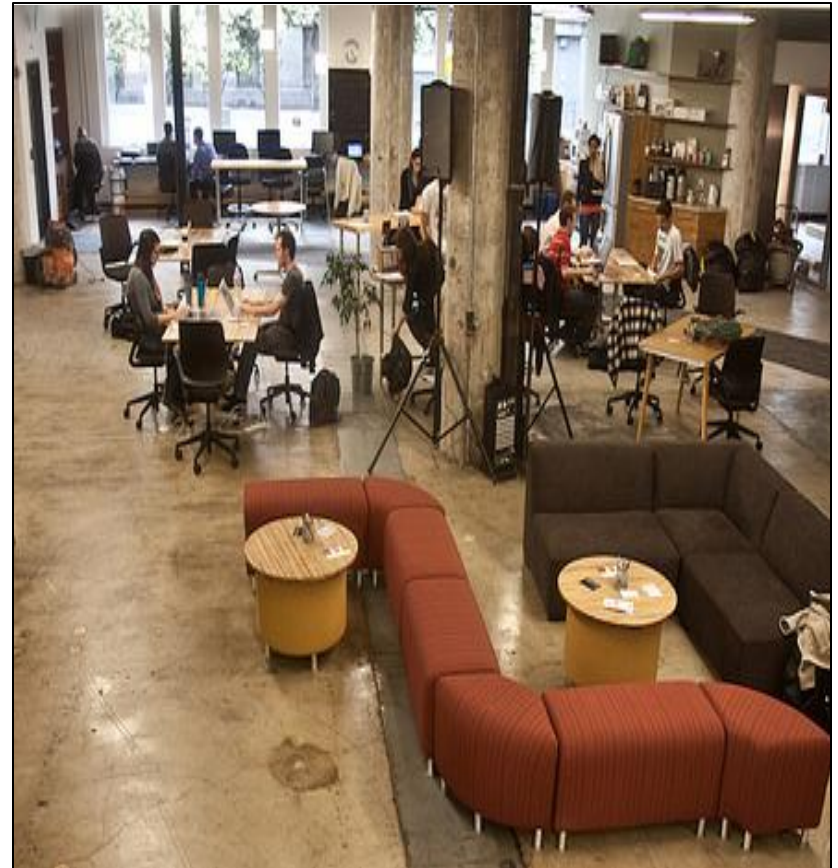
Connect



Of what value is **proximity?**

Whose Office Is It?

- Smaller space/employee
- More collaboration
- “Fun” shops
- Near transit
- In cities, e.g. Google, Facebook
- *Are they working???*
- *Where is the office???*



Changes in Space/Worker?

| | US | New York | San Francisco |
|--|-----|----------|---------------|
| Current level SF/job | 116 | 265 | 242 |
| Current vacancy | 17% | 9% | 14% |
| Scenario 1: Reduce 10 sf/job | | | |
| New level of sf/job | 106 | 255 | 232 |
| New vacancy | 24% | 12% | 18% |
| Scenario 2: Reduce by 20 sf/job | | | |
| New level of sf/job | 96 | 245 | 222 |
| New vacancy | 31% | 16% | 21% |
| | | | |

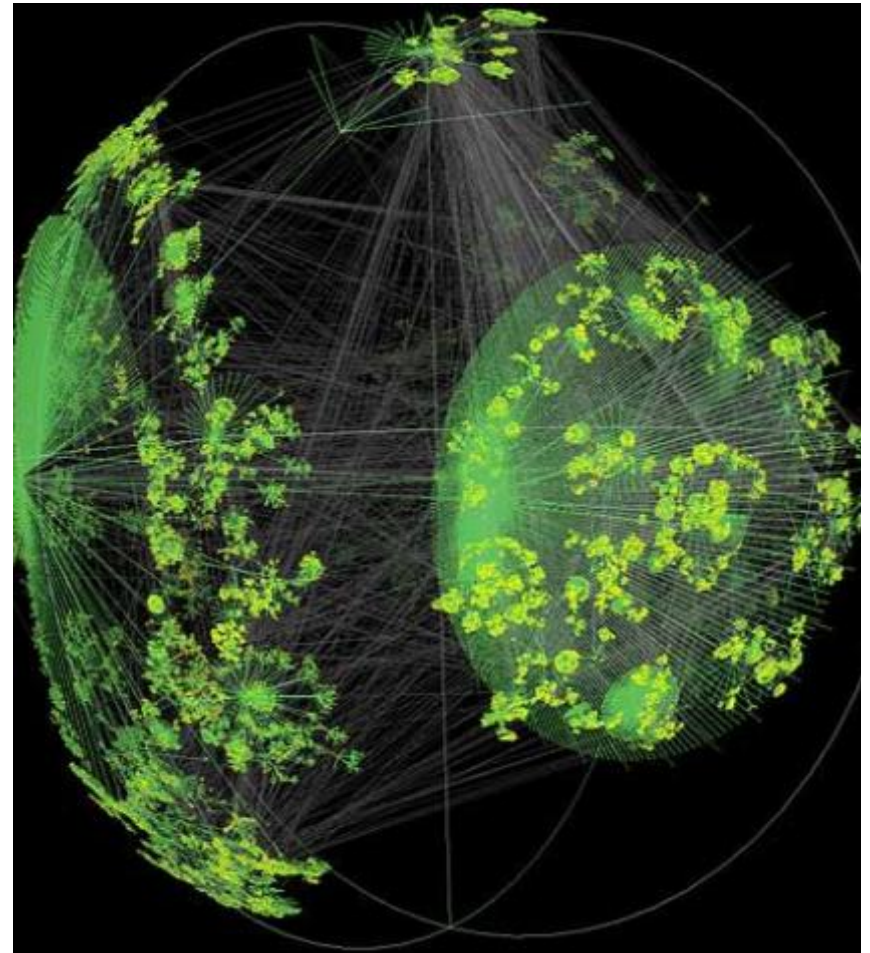
Source: BLS, CBRE-EA RREEF Research, as of Q1, 2011

All About Choice

- Choice is expanded
 - For employers
 - Investors
 - Workers
 - Leaders
 - “Mass customization”
- What do I need?
 - What do I want?
 - Where can I get it?
 - What does it cost?

New face of retail

- Internet sales
- Cut out the middle
- “Experience” retail
- Food still strong
- Services rise



Very strong metro area

- 12th largest GMP in country
- More than \$210 billion in 2010
- Very diverse economy, array of large, older industrial companies and start-ups

- Increased competition from Asia
- New port challenge as Panama Canal opens
- Increasing immigration, diversity
- Infrastructure challenges
- Speed of change

Opportunity Areas

- Come Together as a Region
- Education, education, education
- Infrastructure
- Innovation
- Invest

- LEADERSHIP





MANKOFF

"Sir, the following paradigm shifts occurred while you were out."

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