UNITED STATES

Perspective

2021

Rising optimism as the post-COVID world appears on the horizon

INSIDE

Vaccines have arrived as the economy struggles to get back on track.

COVID-19 has amplified demographic and technology trends in the U.S.

Large differences in sector performance but CRE remains attractive overall.

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A POST-COVID WORLD ON THE HORIZON

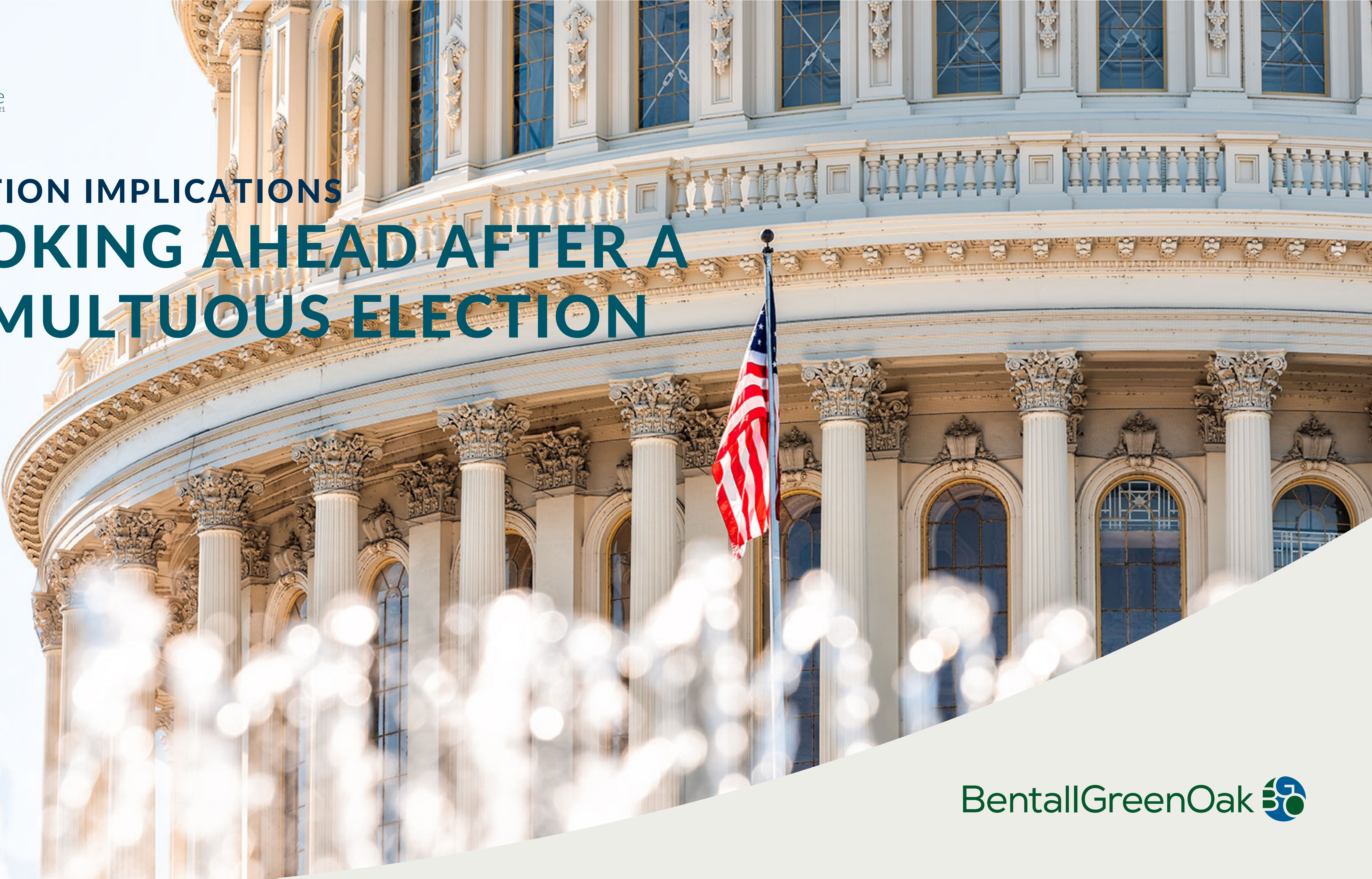
- **The new year brings cause for optimism,** with COVID-19 vaccine distribution underway and anticipation of a post-COVID world in the second half of 2021. Political and social tensions are high, but the country is moving forward. The Biden administration has proposed the $1.9 trillion American Rescue Plan aimed at supporting the economy and stimulating recovery.
- **COVID-19 will remain the top issue** in the coming months. New cases are still extremely high but trended sharply lower in January. Case levels have led to new restrictions and economic activity has been impacted. Retail sales fell in the last three months of 2020 and employment declined in December after seven months of gains.
- **With two vaccines approved** for use and three more in late-stage trials the likelihood of significant vaccine coverage by this summer is rising. We expect health officials will improve on what has thus far been a slow and disorderly vaccine rollout. The primary downside risk related to the virus is the arrival of new strains. Early indications are that the efficacy of vaccines remains largely intact against these variants.
- **Headway has been made towards recovery,** but millions of Americans have left the labor force. The underlying story has been bifurcated outcomes both geographically and among the workforce. White collar workers were relatively insulated from the worst of the recession, while lower skilled workers were impacted disproportionately and continue to face bleak job prospects.
- **The repercussions for commercial real estate have been significant**. Retail has been further impaired, and many office markets are struggling as workers stay home and firms revisit their space use strategies. Densely populated urban centers like New York and San Francisco have seen an outflow of population.
- **Lockdowns precipitated a dramatic shift to ecommerce spending,** enhancing the industrial sector's recent outperformance. The apartment sector has generally held up well, but new urban high-rise supply is being met with tepid demand. More affordable apartment communities face rising risks given the economic hardships of lower income renters.
- **The low-yield environment** and need for portfolio rebalancing will drive capital towards commercial real estate. Investors will seek out opportunities in new geographic areas and many will target alternative subtypes that have proven more resilient to the recession or those with outsized growth prospects. These will include cold storage, medical office, and life science.
- **We expect major U.S. cities to bounce back,** with their unrivaled amenities, social connection, and ability to deliver large amounts of talent to a central location. Careful submarket and asset selection will yield opportunities in these markets. But on the margin demographic trends will shift further in favor of secondary and tertiary markets.
- **The past year has been one of historic political, economic, and social challenges.** The country has overcome a tumultuous election, adapted to severe economic disruptions, and stood among the leaders in the global race for a vaccine. The future looks more certain with COVID-19 inoculations underway. Commercial properties have performed well in the face of severe economic headwinds and fundamentals should rebound as the economy recovers.

We expect major U.S. cities to bounce back, with their unrivaled amenities, social connection, and ability to deliver large amounts of talent to a central location.

UNITED STATES Perspective 2021

ELECTION IMPLICATIONS

LOOKING AHEAD AFTER A TUMULTUOUS ELECTION



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LOOKING AHEAD AFTER A TUMULTUOUS ELECTION

- The task for President Biden is an immense one: heal cultural and political divides, stamp out the pandemic, and reinvigorate a stalled economy. His administration will begin with the benefit of unified government, but it lacks a sufficient majority in the senate to advance major legislation without bipartisan support.
- Only time will tell exactly what agenda the Biden administration pursues and successfully implements. But in terms of potential impact on the economy and commercial real estate we see some key areas of influence that companies and investors will try to plan around.

COVID-19: Plans have been announced for 100 million shots in the first 100 days of the new administration. Success here is key to getting the economy back on track in 2021. Emerging virus strains represent a downside risk that must be carefully monitored.

Stimulus & Infrastructure: The $1.9 trillion American Rescue Plan has been proposed, on top of December's $900 billion stimulus bill. The plan includes enhanced checks to households and the unemployed. It would also bring more aid to struggling state and local governments and extend the eviction moratorium through March. Longer-term spending plans could bring much anticipated infrastructure investment to support more sustainable growth.

Immigration & DACA: It is likely Biden will put his support behind DACA and adopt a more open immigration policy. Parts of the country that rely on foreign-born workers and international students to help drive their economies could see a lift.

Climate Change & Energy: Executive orders have already been signed to cancel the permit for the Keystone XL Pipeline, suspend new drilling leases on federal land, and reenter the Paris Climate Agreement. We expect regional impacts as the petroleum and clean energy economies move in opposite directions.

Big Tech & Anti-Trust: The exponential growth, business tactics, and content policies of Big Tech will be under a microscope in the months ahead. These firms have been crucial drivers of economic growth and real estate demand in many metro areas. Regulatory actions could disrupt this trend.

Trade & Foreign Policy: Biden's foreign policy stances may calm allies and enemies alike, but the risk of flare-ups, with Iran, North Korea, China, and/or Russia will persist. More predictable trade policies may encourage business investment and commerce.

Tax Policy: During the campaign Biden had signaled a desire to repeal Trump's 2017 tax law and specifically end the cap on state and local tax (SALT) deductions. The potential exists that taxes will increase for businesses and wealthy households, but high tax states could derive some benefit from a repeal of the SALT cap.

- COVID-19 is a reminder that the business cycle is often driven by factors beyond the political agenda of whichever party leads government. Power has transferred to a new administration, but their agenda will not be implemented without challenge and exogenous events may dictate what actually gets done.
- Real estate investments in primary markets could gain an edge in the coming years as these metros stand to benefit disproportionately from anticipated changes to immigration and tax policies. A stronger focus on state and local government support should also be a boon to major cities.

COVID UPDATE

MOVING PAST THE VIRUS PEAK

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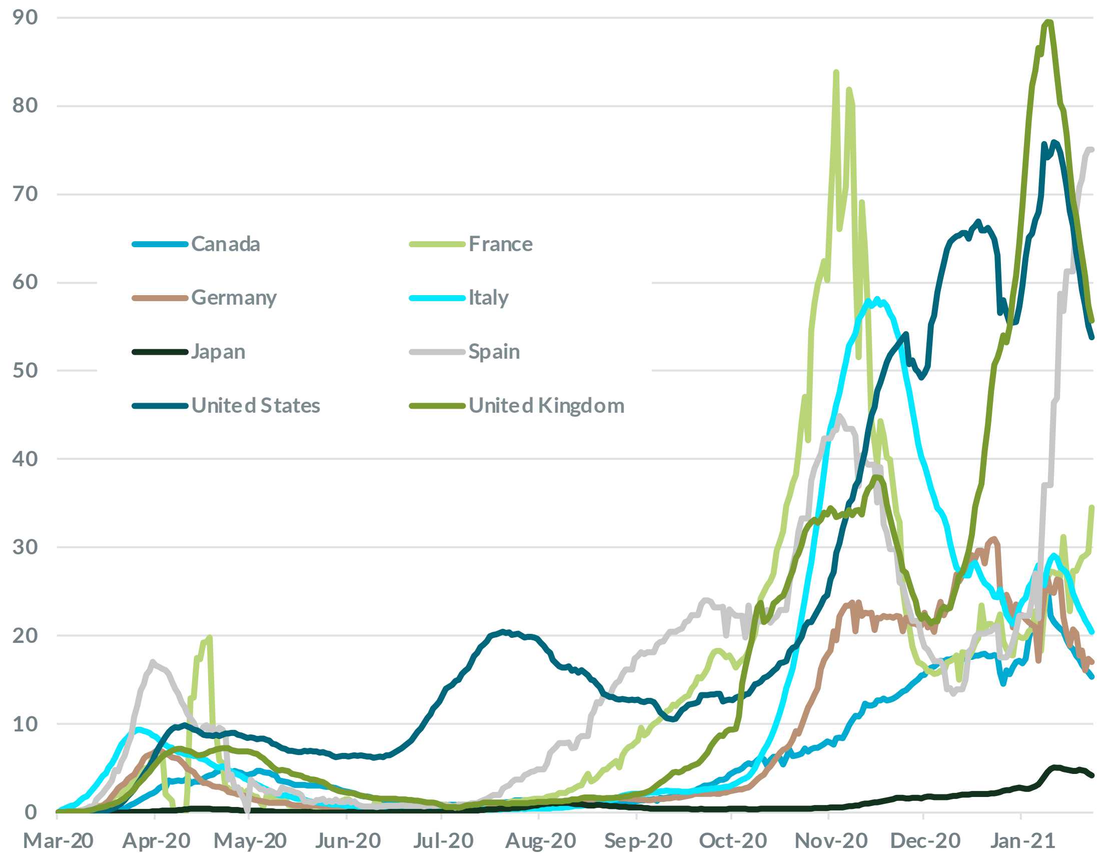
MOVING PAST THE VIRUS PEAK

- Recent COVID-19 cases are extremely high, but the trend has been favorable. At our last check before publication U.S. cases were running just over 50 per 100,000 people per day. Cases peaked at around 76 per 100,000 per day in early January.
- U.S. cases are roughly on a par with those in the U.K. where renewed lockdown orders have spurred a decline in cases.
- New cases in Canada, France, Germany, Italy, and Japan are well below the U.S. rate. However, Spain has seen cases rise at an alarming rate to almost match the U.S. peak.
- Bringing the virus under control will be key to the economic and real estate market recovery. The level of new virus infections poses a real threat to recovery as governors grapple with how quickly to ease restrictions.
- COVID deaths in the U.S. have now eclipsed 400,000 and fears are rising about more virulent strains of the illness.
- Vaccination is a crucial part of the plan to reopen. The Pfizer and Moderna vaccines are being administered and the Johnson & Johnson vaccine could be approved soon.
- Concerns are high about the efficacy of vaccines in protecting against new strains of the virus. Reports suggest that Moderna's vaccine is effective against the new strain found in the United Kingdom, but that efficacy might be diminished against the strain recently found in South Africa. The firm is considering development of a booster shot.
- We have confidence that vaccine rollout will improve in the near term, but if new virus mutations are resistant to the vaccines, we could see the economic recovery stall.

CASE LEVELS STARTING TO TREND LOWER IN U.S.

DAILY COVID CASES PER 100,000 PEOPLE (7-DAY MA)

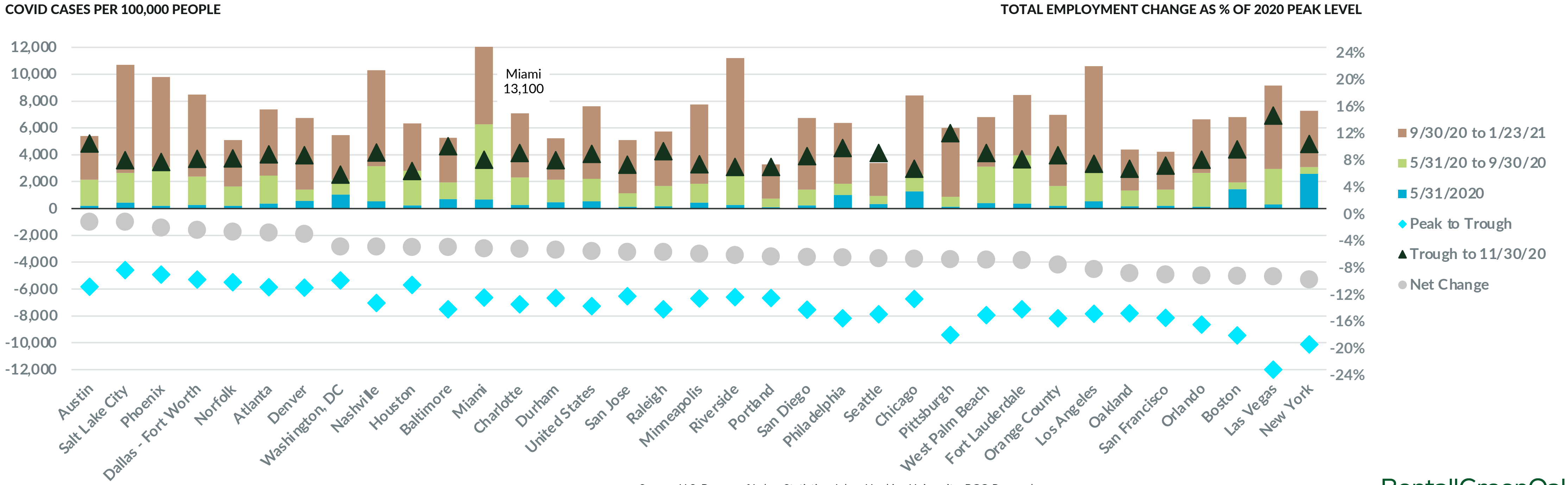


Source: Johns Hopkins University, U.S. Census Bureau, World Bank, BGO Research

LARGE DIVERGENCE IN METRO EMPLOYMENT PERFORMANCE

- COVID cases and economic restrictions vary greatly across the U.S. Stay at home orders or curfews are still in place in Ohio and North Carolina. Stay at home advisories are in effect in California, New Mexico, Wisconsin, and Kentucky. All other states have no stay-at-home restrictions, but many do have restrictions on businesses and most have mandatory mask policies.
- There is not always a clear relationship between local government restrictions, COVID cases, and job losses. Restrictions are lower in Tennessee and Florida and cases are high in Nashville and Miami, but employment performance has been stronger. Masks are mandatory in California and Los Angeles and Riverside have very high infection rates and larger job losses than the nation overall.
- Industry concentration frequently explains employment performance during the pandemic. Exposure to tourism and leisure and hospitality jobs characterize several underperforming economies, including Orlando, Boston, Las Vegas, and New York.
- Population density and the presence of large education and healthcare institutions seems to be a factor in job losses as well. Boston and New York are exporters of education and healthcare and as such the pandemic has significantly impaired their economies. These metros should rebound as the virus fades.

EMPLOYMENT PERFORMANCE ONLY LOOSELY CORRELATED WITH INTENSITY OF COVID CASES



Source: U.S. Bureau of Labor Statistics, Johns Hopkins University, BGO Research

ECONOMY

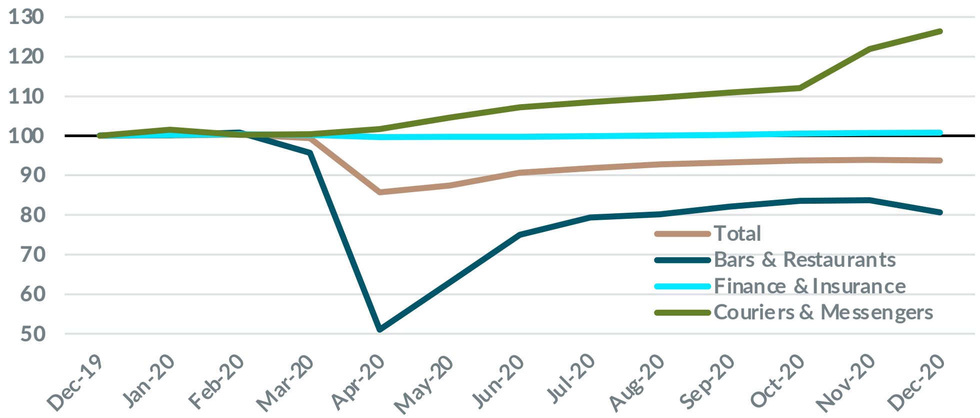
WHITE COLLAR WORKERS ARE WEATHERING THE PANDEMIC WELL

WHITE COLLAR WORKERS ARE WEATHERING THE PANDEMIC WELL

- Unlike the stock market, where low rates, aggressive monetary policy, and a flood of new retail investors have ushered in record high index levels, fundamentals in the underlying economy are still impaired. December 2020 brought the first drop in total employment in seven months and the potential for more losses will persist in the early months of 2021. Broader circulation of vaccines should bring a more concerted economic recovery in the second half of 2021.
- Employment data throughout the pandemic has alluded to the bifurcation of the labor market between workers with high and low educational attainment. White collar jobs have held up relatively well. The maximum unemployment rate for high school graduates with no college education peaked at 17.3% during the height of the pandemic while the maximum unemployment rate for those with a college degree peaked at 8.4%. These rates have fallen to 7.8% and 3.8%, respectively.
- These trends reaffirm the strength of knowledge-driven industry sectors and the metros most focused on these jobs. For real estate investors the data signal the potential for a rebound in office demand and continued strength in rent collections at the higher end of the apartment market. Although work-from-home policies have kept office buildings largely vacant. Dormant urban cores will bounce back as virus concerns abate in 2021 – we will explore these trends later in this report.
- But growth expectations should be tempered. Companies have adapted new operational efficiencies to function in this business environment. These efficiency gains will increase the difficulty for displaced workers to re-enter the labor force. The slow return of children to fulltime in-person schooling also creates practical limitations on how quickly parents will be able to re-enter the workforce.
- Educational attainment of the workforce is not a perfect indicator of economic health. Sectors tied to ecommerce such as couriers and messengers, grocery stores, and home improvement retailers all had very strong year-over-year job growth. These trends provide some insight into the tailwinds driving the industrial sector and the highly selective approach investors must take on the retail sector.
- Distress is building in some areas of the labor market and not all households are weathering the pandemic well. Many businesses face doubtful prospects for reopening, particularly as restrictions aimed at controlling the virus linger. There are 9.8 million fewer jobs in the economy today than there were in February of 2020 and over four million workers have exited the workforce over the past year.
- Aggressive fiscal stimulus can help smooth over this dislocation, but it will take a more concerted labor market rebound to keep household balance sheets solid, particularly at the lower end of the pay scale. Such a rebound depends heavily on a more successful vaccine rollout.

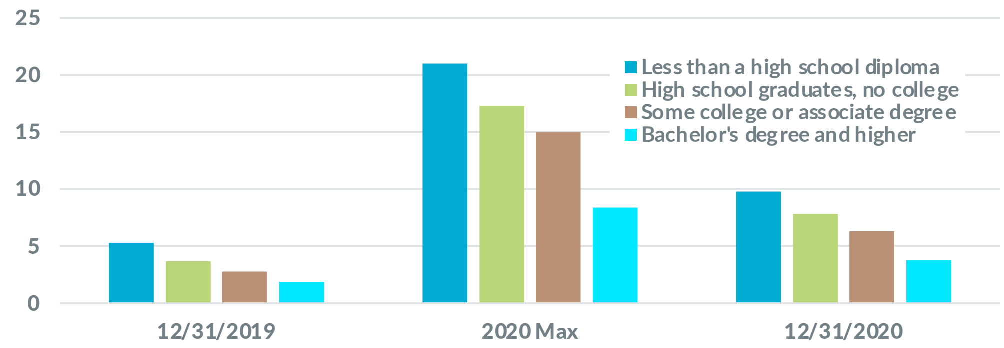
SIGNIFICANT DISPARITY IN GROWTH TRENDS ACROSS SECTORS

EMPLOYMENT INDEX (DECEMBER 2019 = 100)



JOB PROSPECTS CONTINUE TO FAVOR COLLEGE EDUCATED WORKERS

UNEMPLOYMENT RATE (%)



Source: U.S. Bureau of Labor Statistics

INVESTMENT LANDSCAPE

SEEKING OPPORTUNITY IN NEW MARKETS

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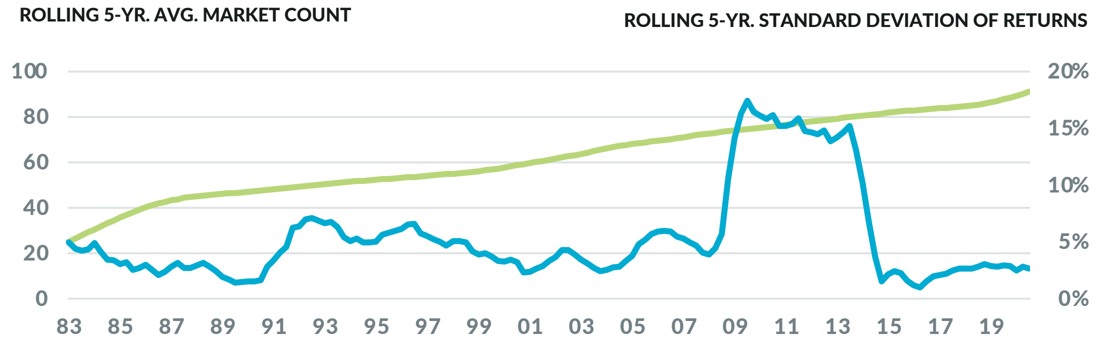
SEEKING OPPORTUNITY IN NEW MARKETS

- Social, technological, and economic forces are driving the rise of secondary and tertiary real estate markets. These changing economic winds are creating immense opportunities to enhance real estate portfolios. While the rise of new markets is not news to the CRE investment community, the COVID-19 pandemic accelerated these trends along with the necessity to build tools that empower managers to capitalize on this rapidly changing and increasingly complex world.
- A push for higher returns has clearly been a factor in the geographic distribution of investments, but the pandemic has helped drive change. Working from home is becoming more culturally acceptable due to the pandemic. Technological innovation, particularly collaboration software, further reduces the need to live in dense, primary markets.
- While we believe high-quality investment opportunities will exist in primary markets, successful real estate investors will be those that best-identify migration and employment changes and their impact on CRE markets as well as mitigate the pandemic-heightened structural risks present in primary markets.
- Lower costs, attractive amenities, and recreational opportunities are creating space demand in emerging locales. These budding population centers have been requiring more housing, office, and industrial space. In particular, the combination of strong population and ecommerce growth creates a tailwind for distribution demand.
- The broader basket of cities also has an ESG case: economically underrepresented communities are better able to participate in the economic productivity of the U.S. as evidenced by the proliferation of knowledge workers discussed in BGO's 2020 Perspective. This broader economic representation creates opportunities to diversify investment portfolios.
- While primary markets still have strong performance due to their tremendous agglomeration of talent, amenities, and global investor demand, secondary markets are gaining momentum and investor interest as attractive sources of investment alpha and beta. These benefits are compounding more quickly during the pandemic.
- From an investment alpha perspective, the emerging markets narrative continues to play out to the upside. Secondary and tertiary markets are well represented in the top tier of performance with metros like Reno, Durham, Memphis, Nashville, Austin, and Salt Lake City showing up in the top 25 markets for five-year returns per NCREIF.

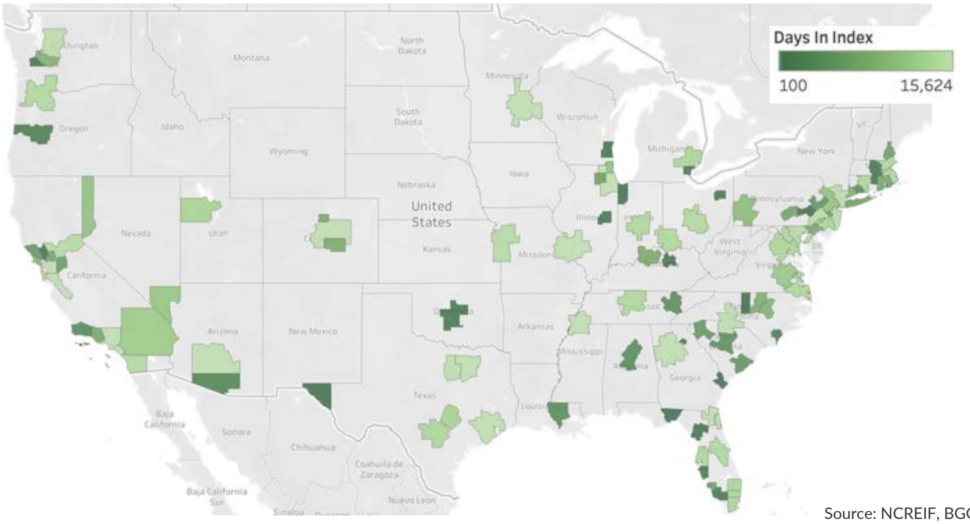
GROWING GEOGRAPHIC INVESTMENT DISTRIBUTION A FACTOR IN REDUCING RETURN VOLATILITY



Source: NCREIF, BGO Research

INSTITUTIONAL INVESTORS CLEARLY SEEKING OUT NEW OPPORTUNITIES

TIME IN NCREIF PROPERTY INDEX



Source: NCREIF, BGO Research

APARTMENT

CLASS A RENT COLLECTIONS WILL REMAIN STRONG

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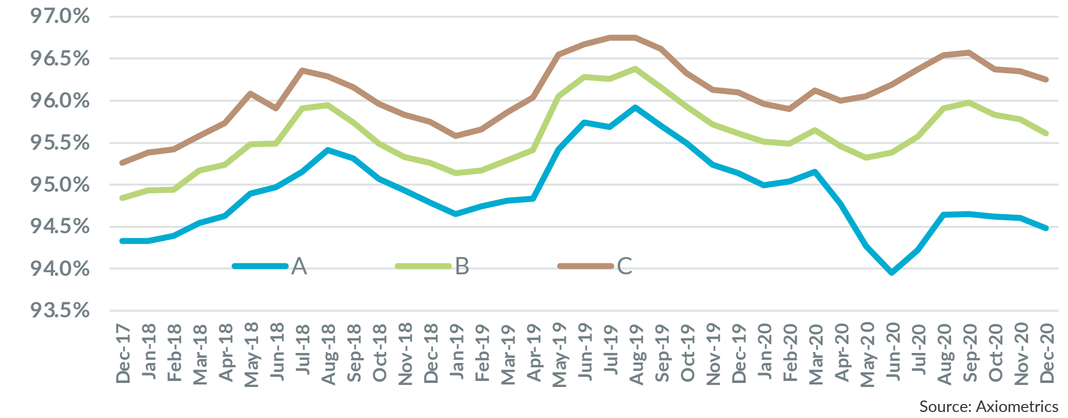
CLASS A RENT COLLECTIONS WILL REMAIN STRONG

- Historically, the rental market has been a safe haven for real estate investors during economic downturns. Housing is a necessity and renters will prioritize making their rent payment over other recurring expenses. The past year has been unique, however, with record new supply in many markets, the severe impact of the recession on households that rent by necessity, the temporary exodus of some renters from urban centers, and remote learning at many colleges and universities eliminated a key source of demand.
- Overall, the disruption to occupancy has not been severe. Axiometrics shows an occupancy rate of 95.5% in December 2020, just 10 basis points higher than the occupancy rate in December 2019. Similarly, effective rents have seen only a minor change year-over-year. But these trends belie vast differences in performance across markets with double-digit rent declines in the Bay Area and New York and near double-digit gains in Boise, Stockton, Riverside and Sacramento.
- Our primary concern with the apartment market today is the unknown implications of the severe recession on renter's ability to continue paying the rent. Eviction moratoriums and supplemented unemployment insurance have helped conceal distress in the market and the December stimulus package included $25 billion in rental assistance and an extension of the federal eviction moratorium until January 31st. The American Rescue Plan would bring more relief to renters.
- Economic distress is not evident across all classes of apartment properties. Class A rent collections are very strong, but new supply and an outflow of renters from urban cores have impacted occupancy. Demand for these properties will rebound as the pandemic fades and education and office job hubs come back online. Class B and C properties are maintaining higher occupancy rates but are subject to the fallout from higher unemployment among lower-skilled workers.
- Data from the Census Bureau's Pulse Survey showed that over 14% of renters had no confidence in their ability to pay next month's rent, with material differences reported across education levels. NMHC's Rent Payment Tracker shows the percentage of rent payments made in December 2020 was down just over two percentage points from December 2019 to 93.8%.
- With more supply on the horizon in 2021 and likely additional economic distress in the near term, some apartment markets will struggle. Market and submarket selection will be crucial given the significant bifurcation in economic outcomes and supply/demand fundamentals. We remain optimistic about the long-term prospects for the rental housing market overall.

CLASS A APARTMENTS SHOWING IMPACT OF SUPPLY/WEAKER DEMAND

APARTMENT OCCUPANCY BY CLASS

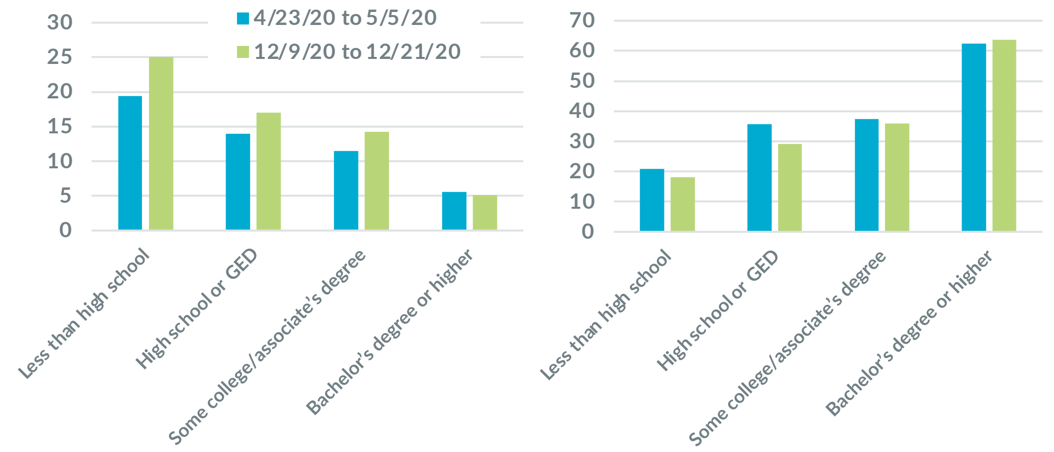


Source: Axiometrics

ABILITY TO PAY NEXT MONTH'S RENT VARIES BY EDUCATION LEVEL

% NO CONFIDENCE IN ABILITY TO PAY

% HIGH CONFIDENCE IN ABILITY TO PAY



Source: U.S. Census Bureau Pulse Survey

INDUSTRIAL/RETAIL

COVID-19 DRIVES CHANGES IN THE RETAIL & INDUSTRIAL SECTORS

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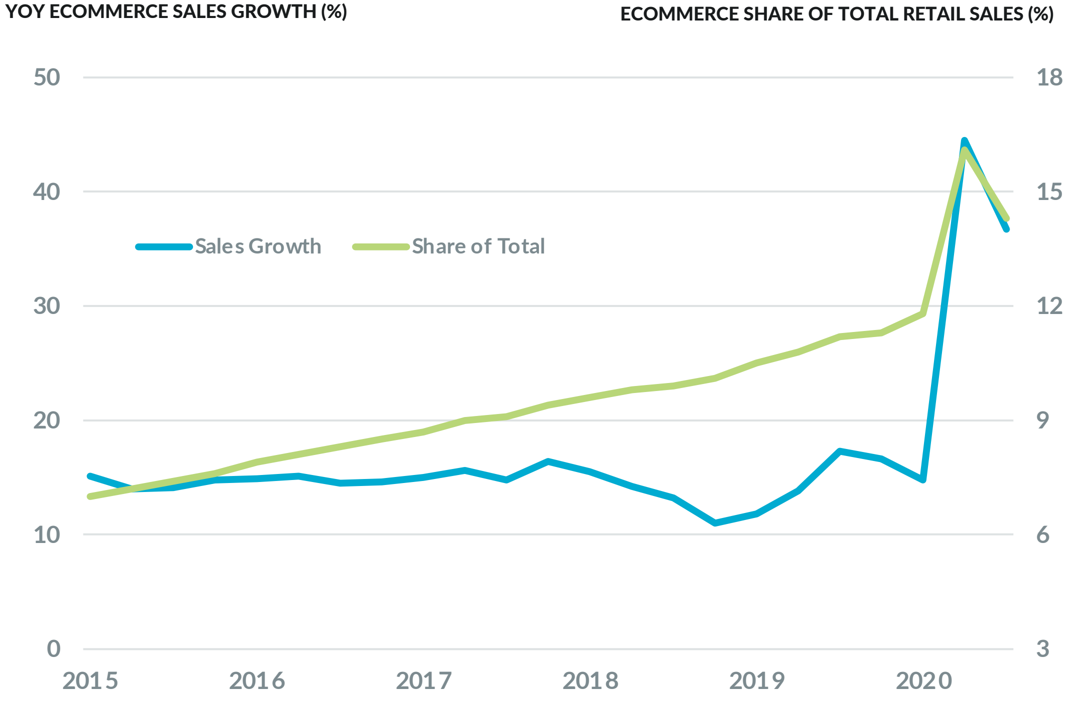
COVID-19 ACCELERATES THE SHIFT TO ECOMMERCE

- The industrial sector is booming and widely expected to lead all major sectors in terms of investment performance for the foreseeable future. Early data for the fourth quarter of 2020 suggest strong industrial absorption and declining availability. Ecommerce has been a tremendous secular driver for industrial demand. Prior to 2020 ecommerce had seen a decade of average annual growth north of 15%.
- Retail sales data show an astounding surge in ecommerce spending over the past year with year-over-year gains of 44.5% and 36.7% in the second and third quarters of 2020, respectively. Lockdowns drove much of this growth and it is reasonable to expect these trends to moderate, particularly if vaccines drive an initial burst of instore shopping later in 2021.
- Advance retail sales estimates for December 2020 show nonstore retails sales, which are dominated by ecommerce, rising 19.2% year-over-year. These sales declined month-over-month in November and December, however, suggesting not all of the ecommerce gains seen in 2020 will hold in the near term. Over the medium term, ecommerce should continue to see double-digit growth rates, bolstered by the scores of households that adopted ecommerce as a key mode of consumption during the pandemic.
- Past issues of Perspective have also detailed technology innovations that will influence the industrial sector in the years ahead. In 2020 we saw the FAA adopt new rules that should pave the way for ecommerce and logistics firms to deliver goods by drone. Automation within facilities and driverless vehicle technology are two key areas that will cause space utilization to evolve and potentially change the geographic dynamics of supply chains.
- Markets experiencing stronger demographic trends should be leaders in industrial demand growth. This will include locations that have historically not been key hubs in the national supply chain, but that do have large and/or rapidly growing consumer bases. To capitalize on these opportunities, BGO is utilizing machine learning technology to supplement its use of more traditional approaches in market selection.
- The severity of COVID's economic impact is a lingering downside risk that could temper industrial's strong run. High levels of industrial construction could magnify the fallout if the economy fails to get back on track in 2021 as we expect. But in most scenarios industrial's secular growth trend and strong investment performance will be hard to upend.

ECOMMERCE SPENDING SPIKES AMID LOCKDOWNS



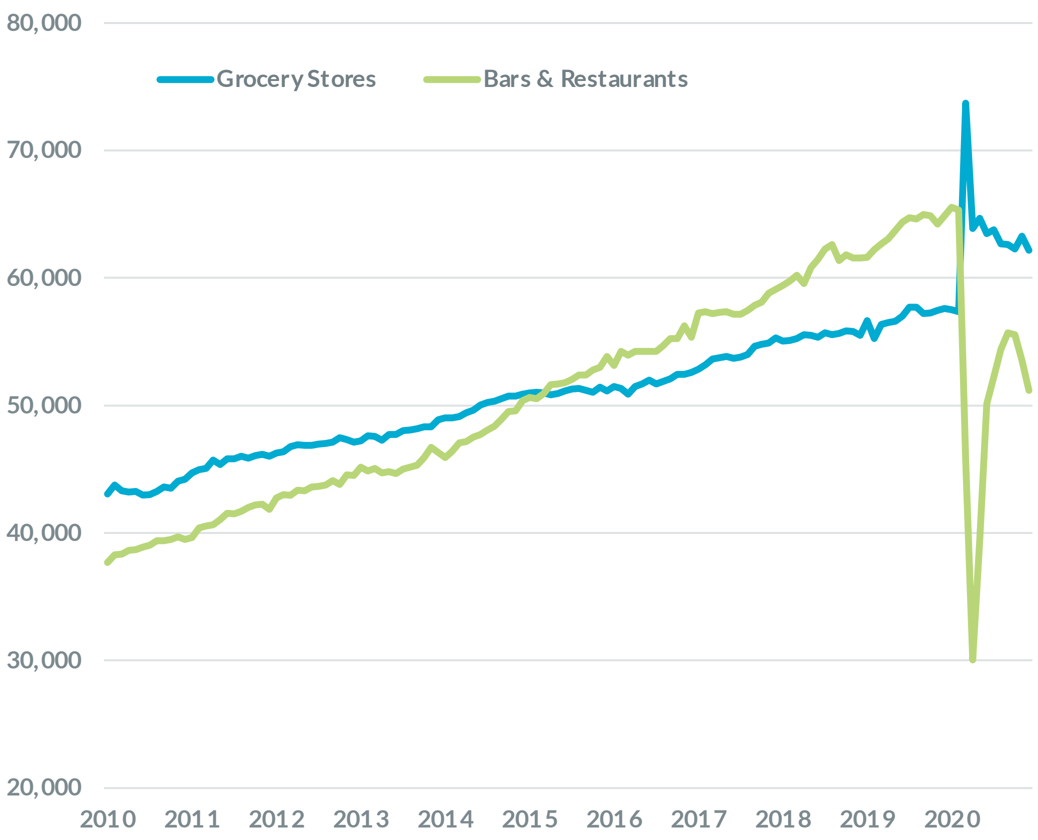
Source: U.S. Census Bureau

NECESSITY-BASED RETAIL ON THE FRONTLINES

- COVID-19 and the ensuing lockdowns proved to be the breaking point for many retailers causing a surge in bankruptcies that will allow some companies to restructure debt, re-capitalize, and exit leases to emerge as leaner organizations. But many retailers and restaurant operators will never reopen, leaving elevated vacancy rates at retail centers across the country.
- One area of retail that continued to shine during the pandemic was the grocery segment. In 2015 we saw bar and restaurant spending overtake grocery store spending for the first time in the U.S. This was a noteworthy datapoint, but not necessarily surprising given the changes in demographics and lifestyle choices that were occurring. This shift was reversed in spectacular fashion in 2020 as bar and restaurant sales plummeted and grocery store spending surged.
- Some of this jump was undoubtedly fueled by the utilization of grocery stores as micro-fulfillment locations for grocery delivery orders. However, the penetration of ecommerce into the grocery segment remains limited, creating growth opportunities for online grocers. This trend should also necessitate additional cold storage demand across the country in all size ranges. Demand will range from new, large-scale cold storage facilities, to smaller last touch locations that could adaptively reuse existing commercial spaces.
- The severe contraction in the labor market does pose a downside risk in the near term. Americans have been spending less on food in general in recent months. The weak point here has absolutely been bars and restaurants where food costs are higher and local restrictions have been reinstated, but there have even been modest declines in grocery sales. Widespread deterioration in the overall food spend was last seen in 2009. Many communities have large numbers of households that are food insecure, and even necessity-based retail spending will experience localized differences in 2021.
- Despite economic headwinds and rising grocery penetration by ecommerce and general merchandise stores, necessity-based retail should remain a solid investment opportunity. Other retail subtypes will require more complex redevelopment and repositioning strategies as values bottom.

GROCERY STORES REGAIN DOMINANCE OF U.S. FOOD SPENDING

MONTHLY RETAIL SALES ($, MILLIONS)



Source: U.S. Census Bureau

United States Perspective 2021

OFFICE

OFFICE FACES CHALLENGING RECOVERY POST PANDEMIC

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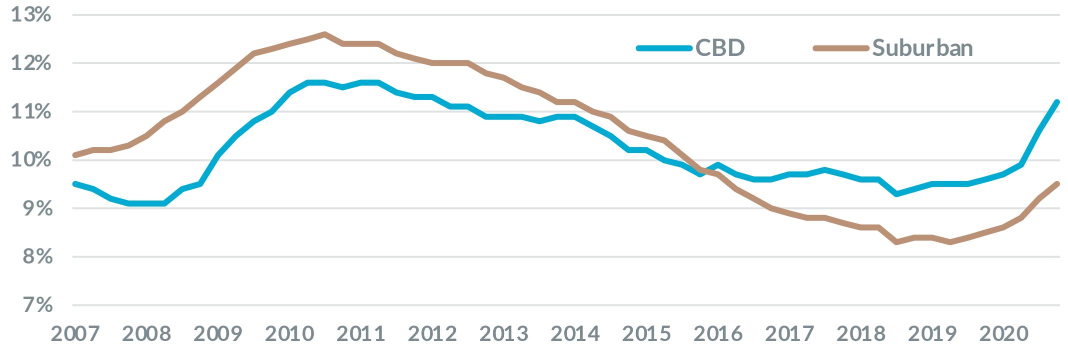
OFFICE FACES CHALLENGING RECOVERY POST PANDEMIC

- Lockdown orders and the economic downturn created significant headwinds for the office sector that disproportionately impacted downtown markets. A shift to greater workplace flexibility clouds the longer-term outlook for office real estate.
- Prior to the pandemic, the sector was challenged by slowing demand drivers, densification, coworking, high rents, expensive tenant improvement costs, and rising operating expenses.
- Since the pandemic, vacancy has pushed higher. According to CoStar, CBD vacancy rose 1.6 percentage points in 2020 and suburban vacancy rose one percentage point. Major cities have been particularly challenged amid the pandemic due to density, reliance on mass transit, and high costs.
- Very few markets have been immune to deteriorating fundamentals, but most are tighter than they were during the Global Financial Crisis. Construction has been an issue, particularly in the CBDs of many large markets and it has yet to abate.
- CoStar data show the amount of supply underway in CBDs is nearly 3% of inventory, while construction in the suburbs is equal to just over 1%. These figures are little changed from a year earlier as construction delays have prolonged delivery timelines. Supply will remain a headwind through 2021.
- Tenants should continue to gain pricing power and expect generous tenant improvement allowances. Weaker net operating incomes are weighing on property values. NCREIF data show declining office values in each of the last three quarters of 2020.
- Firms have been actively subleasing space, particularly in the technology sector, where JLL tracked 5.9 million sf of sublease space (in blocks > 50,000 sf) during 2020. Many firms are evaluating their space needs and taking a wait-and-see approach to leasing.
- Office properties are likely to perform poorly over the next year. We do expect office tenants to return, even in CBD locations. Amenities and unparalleled access to labor will eventually draw tenants back to struggling gateway markets.
- We expect to remain highly selective on new office investments in terms of both physical asset and micro location. More attractive alternatives to traditional office in the coming quarters are likely to include medical office, life science, and flex R&D assets where tenant demand has remained relatively stronger.

FUNDAMENTALS IN CBD SUBMARKETS HIT HARDER THAN SUBURBS

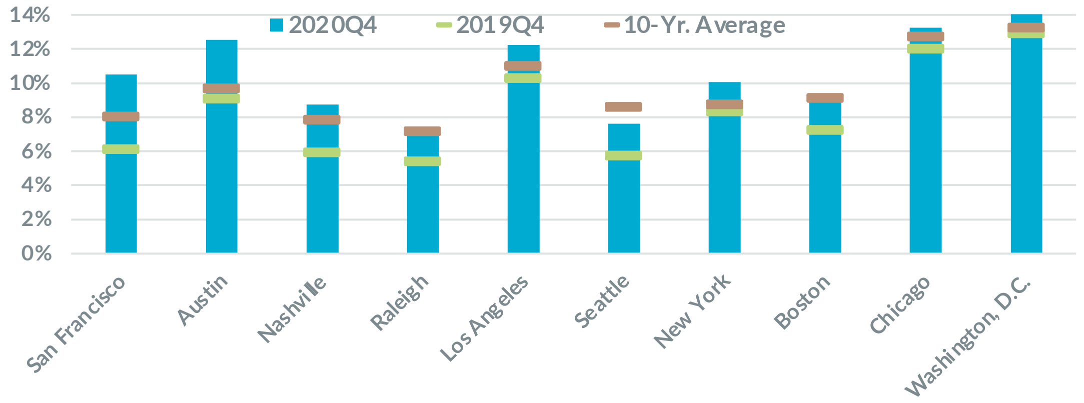
VACANCY



Source: BGO Research, CoStar Group, Inc.

THE VAST MAJORITY OF MARKETS HAVE SEEN VACANCY RISE OVER THE PAST YEAR

VACANCY



Source: BGO Research, CoStar Group, Inc.

FLEXIBILITY WILL DEFINE THE FUTURE OF OFFICE

- The largest WFH experiment ever undertaken has proven largely successful, and there is consensus from both employees and employers that there will be greater flexibility in work arrangements post-COVID. But there is concern among many firms about company culture, employee onboarding and training, and the ability to effectively collaborate and drive innovation over the long term.
- The future of knowledge work is best described as a "better integration between work and home" rather than "WFH." We agree with consensus that more hybrid work models will evolve for many firms. This also gives rise to the notion of "third" spaces, which could be a coffee shop, a hotel lobby, a coworking space or anywhere there is mobile connectivity.
- We expect employees will exercise greater choice in how and where work is performed to maximize both productivity and job satisfaction. For many, reducing commute times is critical to overall well-being. Cities with congestion and inferior public transit infrastructure are certainly more vulnerable to remote work trends.
- The prevailing view is that organizations that embrace more flexibility will have greater access to a larger pool of diverse talent. Full-time WFH can often be isolating, therefore potentially limiting the practical implementation of diverse viewpoints and raising concerns about employee health and wellness.
- Firms are also looking for greater flexibility from their office space, which may include shorter lease terms, increased use of "space-as-a-service" (WeWork, Regus, etc.) and decentralization of their office footprint to accommodate more distributed workforces.
- The following framework helps illustrate how we are thinking about the evolution of the office and how we are monitoring the landscape.

FLEXIBILITY

Flexibility will define the future of knowledge work. Employees want more flexible work arrangements, and firms want to be more agile. Landlords and spaces must adapt.

OFFICE STILL MATTERS

Physical office space will continue to be an integral component of the knowledge workers' "productivity tool kit." It remains critical infrastructure for culture, collaboration, and employee development.

FLIGHT TO QUALITY

Health, safety and wellness of employees is paramount. Expect to see a continued flight to high quality real estate that can deliver on ESG factors.

DE-DENSIFICATION

Will physical distancing requirements recede once there is vaccination, or does this signal a shift to towards de-densification? How might space requirements change for an office redesigned for collaborative work "most of the time?"

DECENTRALIZATION

How does decentralization of knowledge work impact the spatial demand for places to work? How does our ability to work anywhere change where we decide to live and play?

2021 SECTOR OUTLOOKS

	Operating Fundamentals	Investor Sentiment	Overall Outlook	In Short
Office				Fundamentals have softened from their strong position in 2019. Evolving workplace strategies create uncertainty.
Retail				Continued bifurcation with necessity-based retail holding up well and enclosed malls struggling. Many centers require repositioning.
Industrial				Dramatic shift to ecommerce propelling exceptional demand. Fundamentals holding steady despite new supply.
Multifamily				Urban challenges ease after vaccination. Potential for pockets of tenant distress. Attractive financing offers compelling risk-adjusted return.

Outlook Key

Positive Mixed Negative

Source:: BGO Research

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ABOUT BENTALLGREENOAK

BentallGreenOak is a leading, global real estate investment management advisor and a globally-recognized provider of real estate services. BentallGreenOak serves the interests of more than 750 institutional clients with approximately $50 billion USD of assets under management (as of September 30, 2020) and expertise in the asset management of office, retail, industrial and multi-residential property across the globe. BentallGreenOak has offices in 24 cities across twelve countries with deep, local knowledge, experience and extensive networks in the regions where we invest and manage real estate assets on behalf of our clients. BentallGreenOak is a part of SLC Management, which is the institutional alternatives and traditional asset management business of Sun Life.

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