

LaSalle July 2019 Mid-Year Macro Deck

28 JUNE 2019



June Highlights:

Stockpile of Negative Yielding Debt Reaches All-time Record as Risk-Free Rates Continue Decline: German 10Y Bund yields plunged to -0.33% and US 10Y Treasury is down 68 basis points YTD to 2.01% as of June 28th.

Equity Markets Look Past “Grey Rhinos”: Grey rhinos – risks that are well known but are not sparking major reactions – include geopolitical risks around Iran, Chinese local government debt, as well as trade and Brexit. The S&P 500 regained its cycle high in June and global equity markets rose in part based on expectations for positive trade news from the G20 Summit in Osaka.

Market Believe in a “Powell Put”: The Fed is expected to cut interest rates next month and this is in part reflected in the continuation of an inverted US yield curve. The 10Y US Treasury yield is 9 basis points below the 3 month T-bill yield.

Record Expansion: If sustained through Q3 2019, the current expansion will be the longest ever in the US.

Europe’s Top Jobs Are Up-for-Grabs: There is not a single clear favorite for who will be the next ECB President or European Commission President (see slide 8). In the UK, on the other hand, Boris Johnson is the frontrunner to succeed Theresa May.

Oil Prices Rise: US-Iran tensions drove Brent up 3% and WTI up by 9% in June.

Real Estate Pricing Looks Less Expensive Than Six Months Ago: Falling risk free and corporate bond interest rates have moved many real estate markets further into the fair value range. See slides 17 and 40.



IPOs in June Outperform: Chewy.com, CrowdStrike, Fiverr, and Slack went public last month.

Updated LaSalle RE Universe Estimates Highlights Concentration in Few Metros: 44% of all global institutional real estate ownership is in 20 metro areas.

Mid-year ISA Highlights are Shown by Region on Slides 24-40



CREDIT: PA/JEFF OVERS/BBC

Britain’s Next PM: Boris Johnson and Jeremy Hunt Debate



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JUNE 2019 | G7G20SUMMITS.ORG

Welcome to Osaka
Prime Minister Shinzo Abe outlines host Japan's vision for Society 5.0

Towards universal health care
UNICEF calls for action to shape a healthier, more equitable future

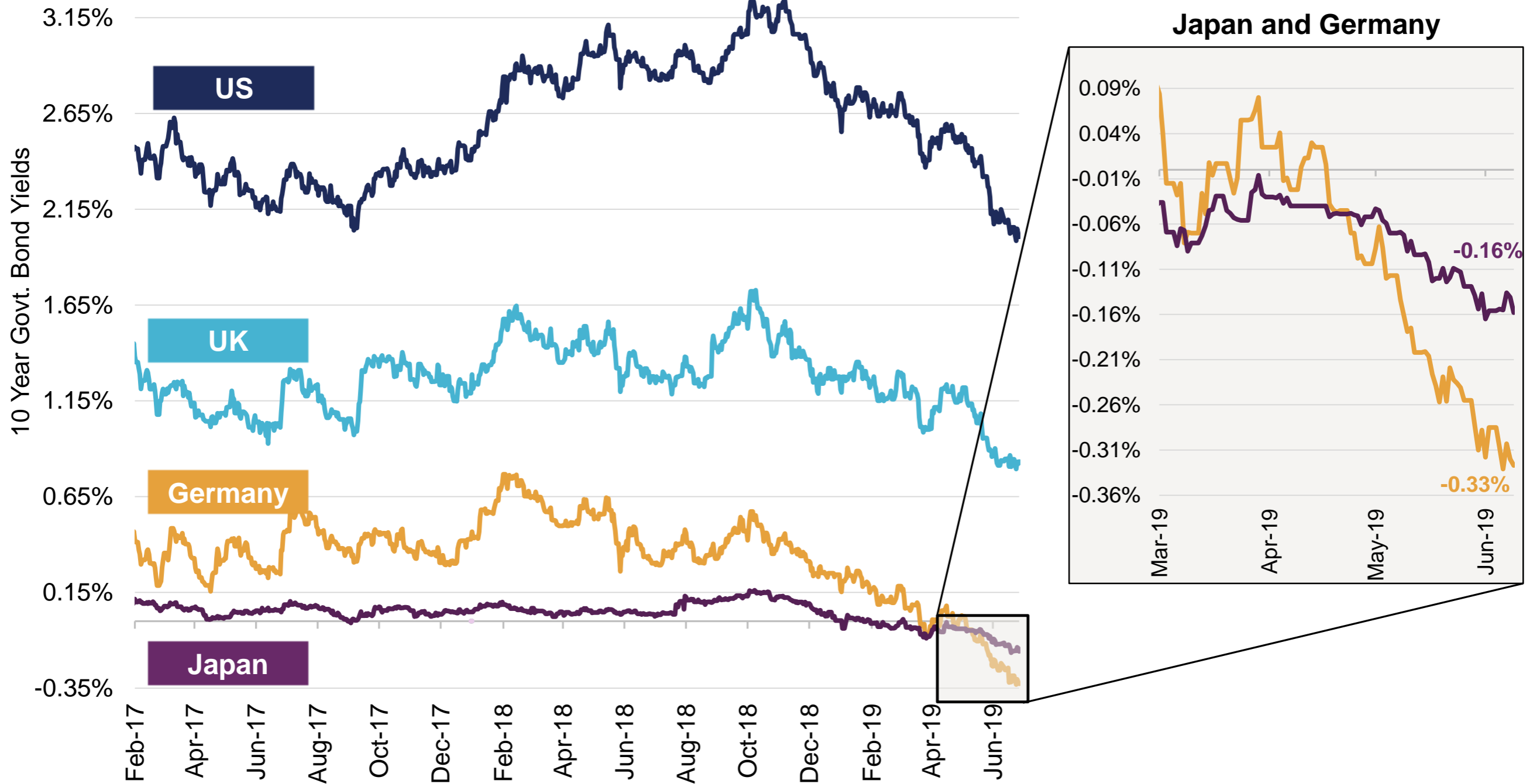
A multilateral approach
Emerging technologies and social protection will drive inclusive growth

Japan
The Osaka Summit

Risk-free Interest Rates Fall Further

INTEREST RATES LOWEST SINCE LATE 2016, AND LOWEST EVER IN GERMANY

10 Year Government Note Rates



Source: Bloomberg, LaSalle. Data through 28 June 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Negative Yielding Debt Stockpile Surpasses Previous Record

TOTAL OF CORPORATE AND INVESTMENT GRADE NEGATIVE YIELDING DEBT IN BARCLAYS AGGREGATE

Total Negative Yielding Debt

(Based on Barclays Global Bond Aggregate of Investment Grade Gov't and Corporate Debt)

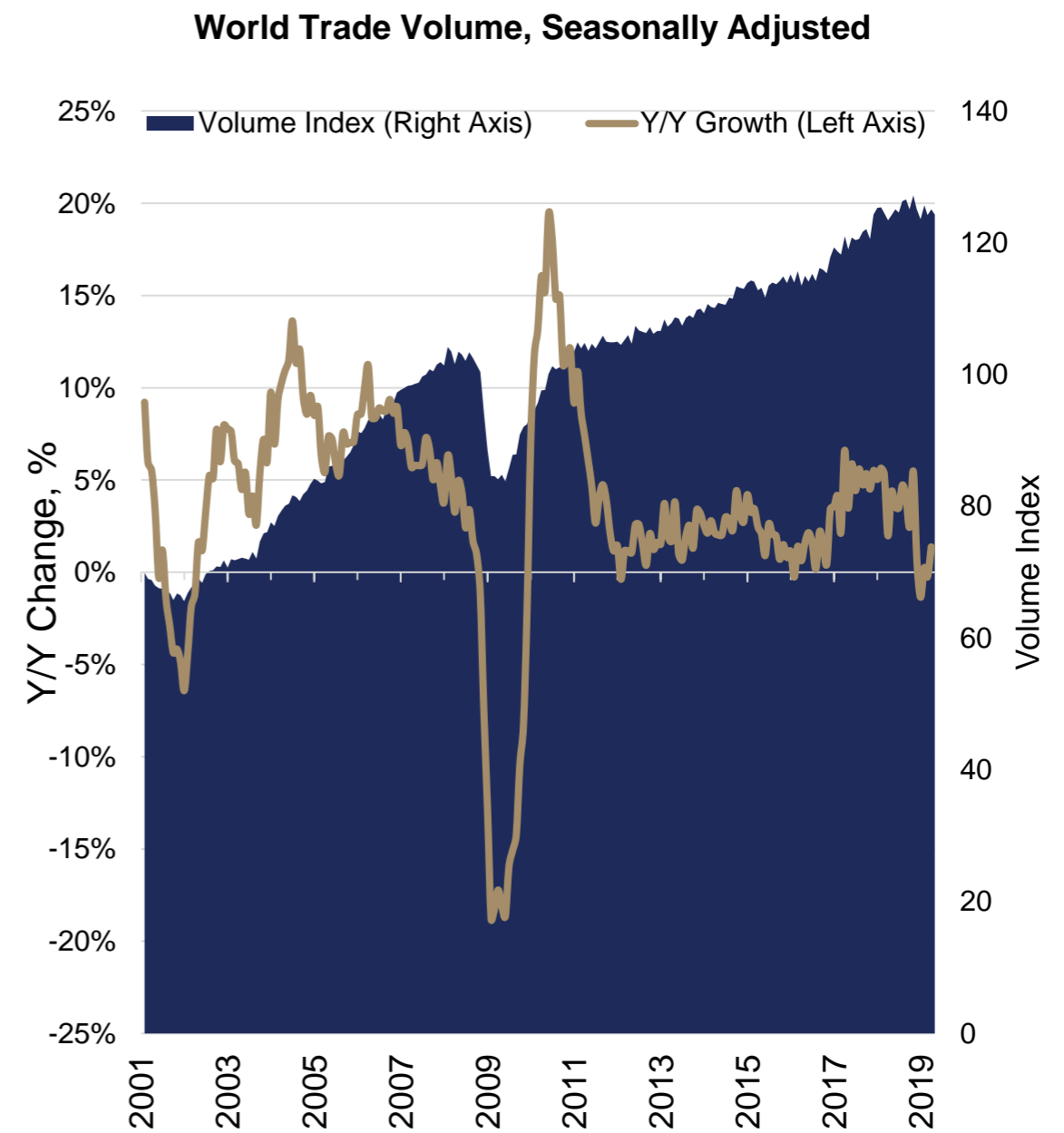
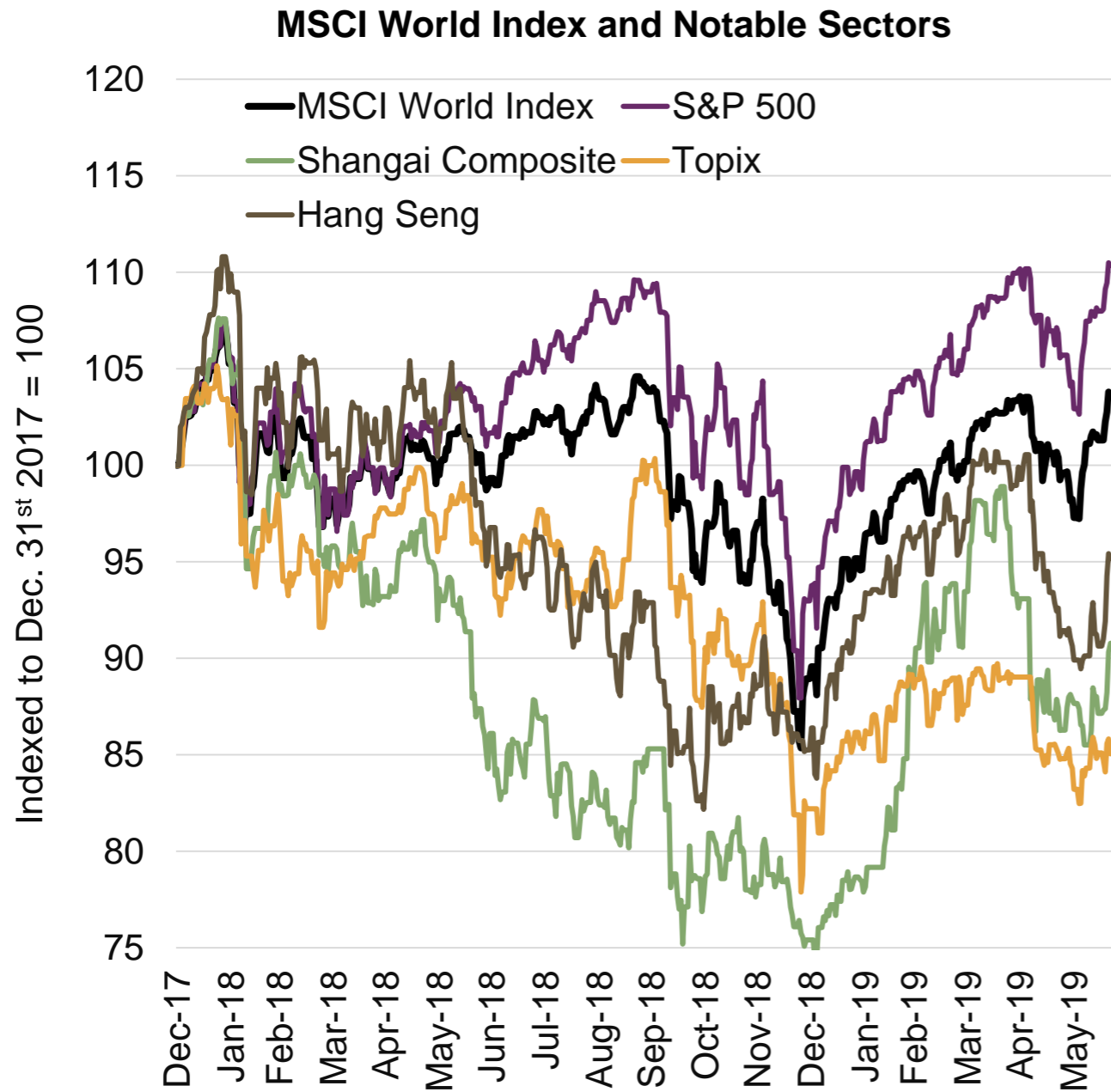


23.1% of debt securities in the Barclays Global Bond Aggregate have a negative yield.

Source: Bloomberg, Barclays, LaSalle. Data through 28 June 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Global Equities Rally in June

HOPES FOR TRADE WAR TRUCE AND FED STATEMENTS CONTRIBUTE



The MSCI World Index rose 5% in June. The US NASDAQ Index was among the notable gainers, up 7%. Following the pullback of Hong Kong's new extradition law, the Hang Seng rose and was up 6% in the month.

Source: Bloomberg, CPB (trade). Updated 28 June 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Where are we in the cycle?

MOST CAPITAL MARKETS ARE LATE CYCLE BUT FUNDAMENTALS ARE MORE DIVERSE

Early Recovery

Recovery

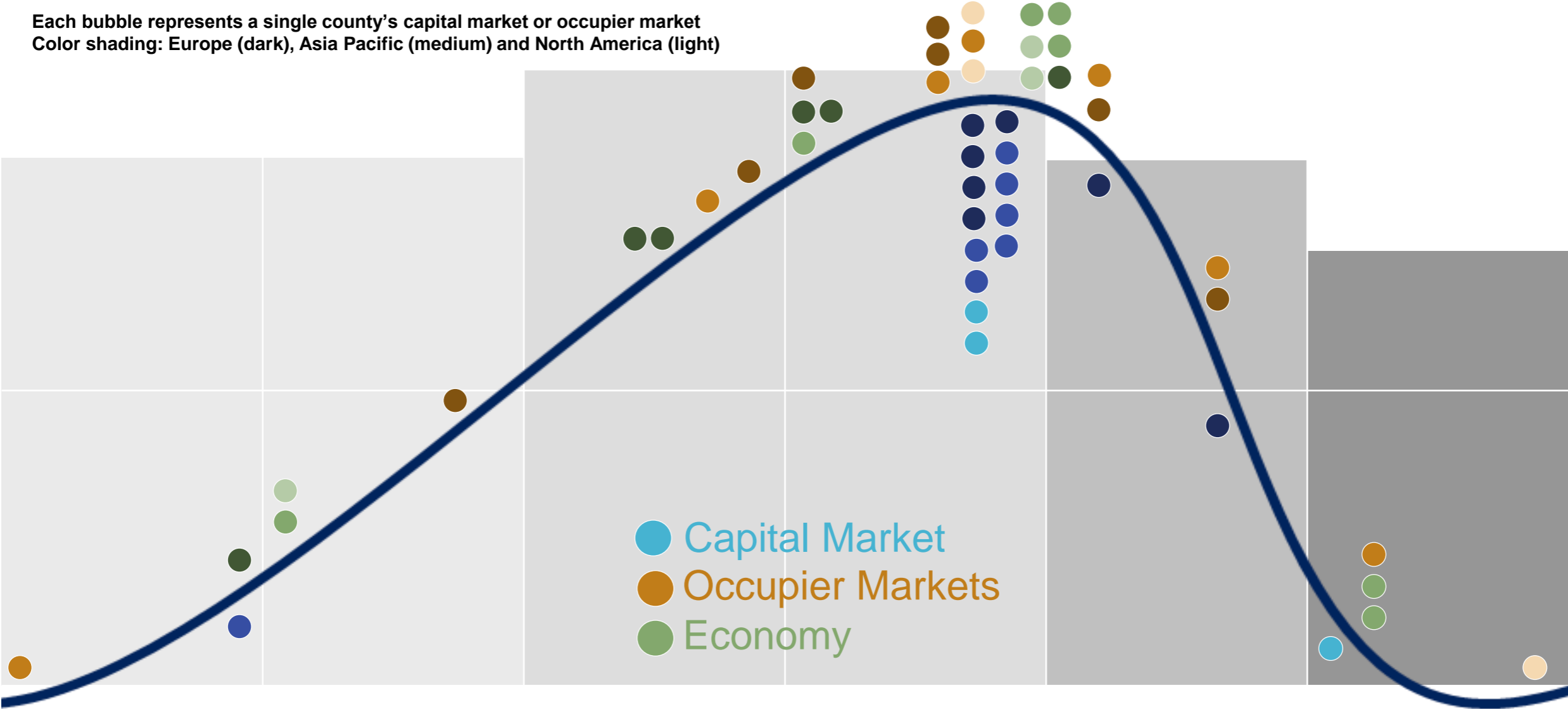
Expansion

Mature Cycle

Falling

Bottoming

Each bubble represents a single county's capital market or occupier market
Color shading: Europe (dark), Asia Pacific (medium) and North America (light)

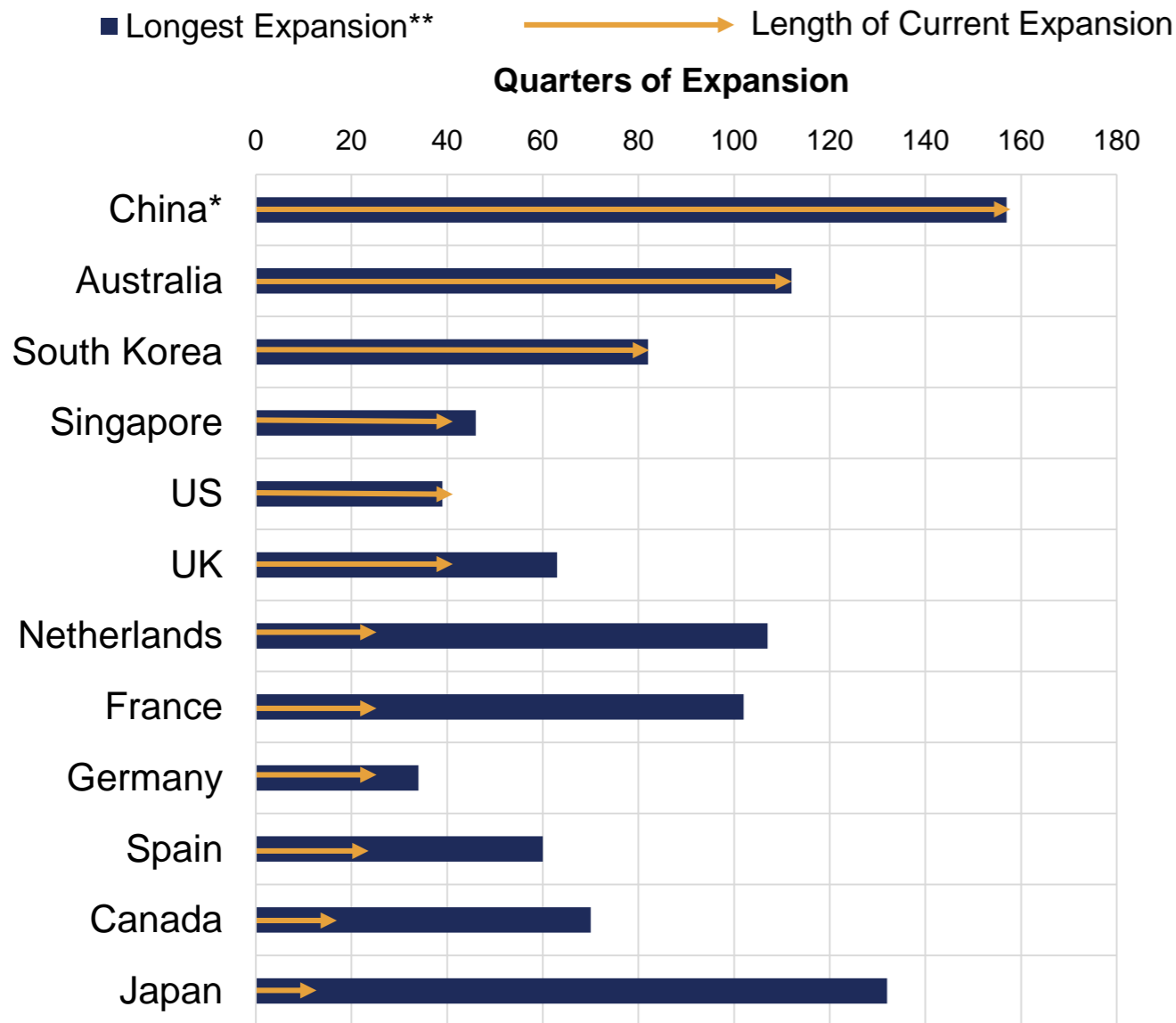


Source: LaSalle (06/19)

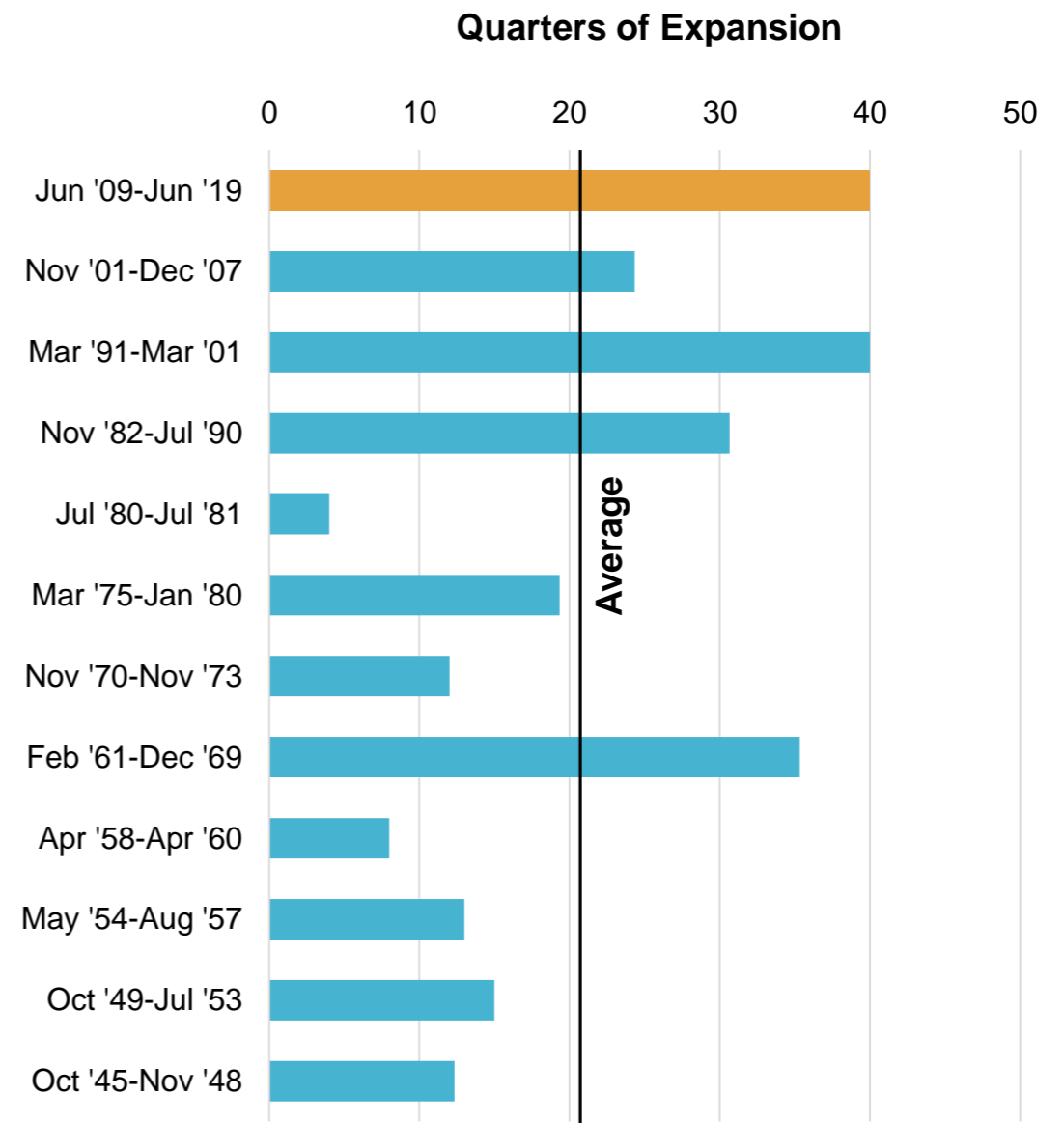
US Expansion Moves into Record Territory

GROWTH STRETCH THROUGH Q2 2019 TIES US RECORD

Global Expansions vs. Record



US Post-war Expansion Length



If Q2 US GDP growth is positive – and all indications are that it will be – the length of the US expansion will equal the postwar record of 40 quarters set by the 1990s expansion.

A recession is defined as two consecutive quarters of negative growth, with double-dip recessions counted as a single recession.

*Data in China goes to 1980 and the country has not had a recession by our definition in that period so quarterly length shown is for the full 1980-current period.

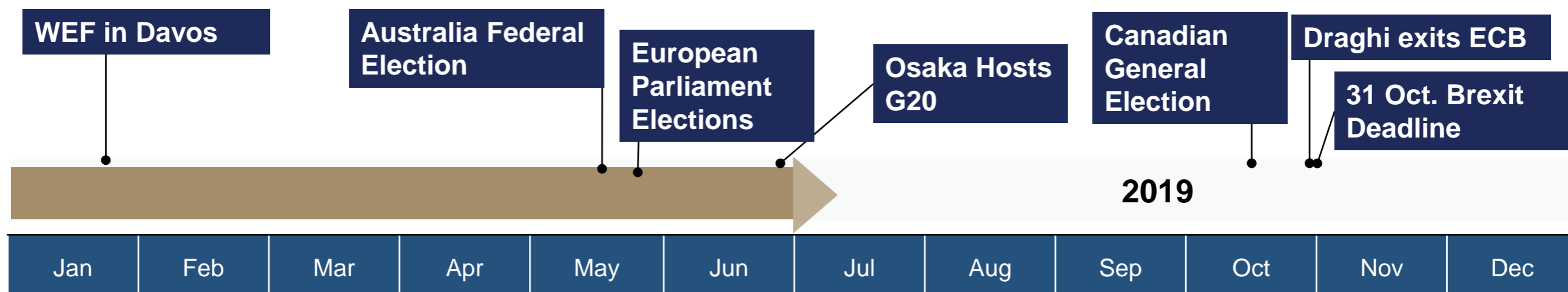
** Longest expansion based on data available, which varies by country. All markets have data back to at least 1980 and the majority of markets have data back to 1960.

Source: LaSalle analysis of data from Oxford Economics, OECD, and Bloomberg. Includes GDP estimates through 2Q 2019. Latest data available as of 28 June 2019.

Prediction Markets: Battle for Two Top European Jobs Underway

CLOSE RACE FOR NEXT EU COMMISSION PRESIDENT AND NEXT ECB PRESIDENT

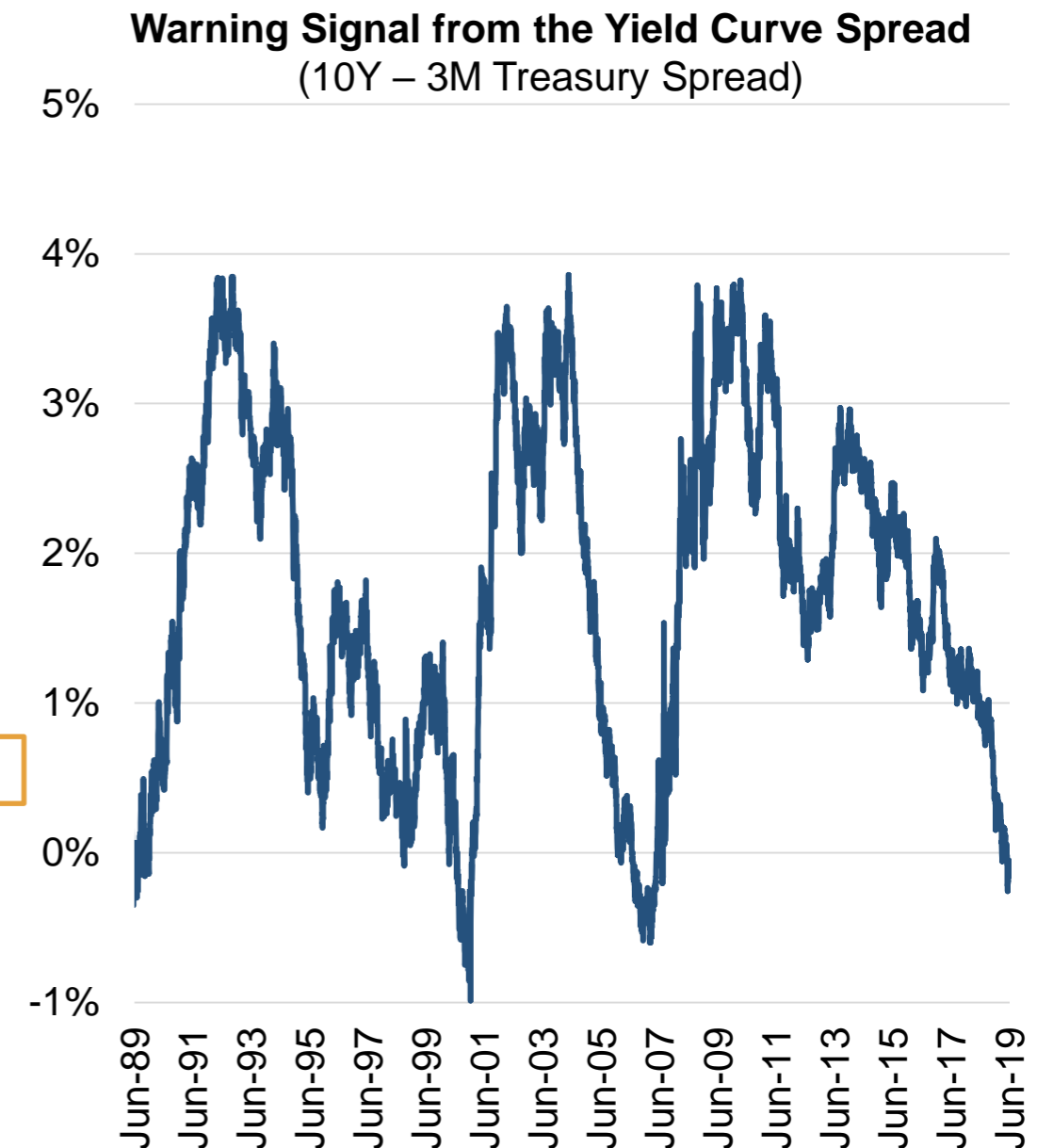
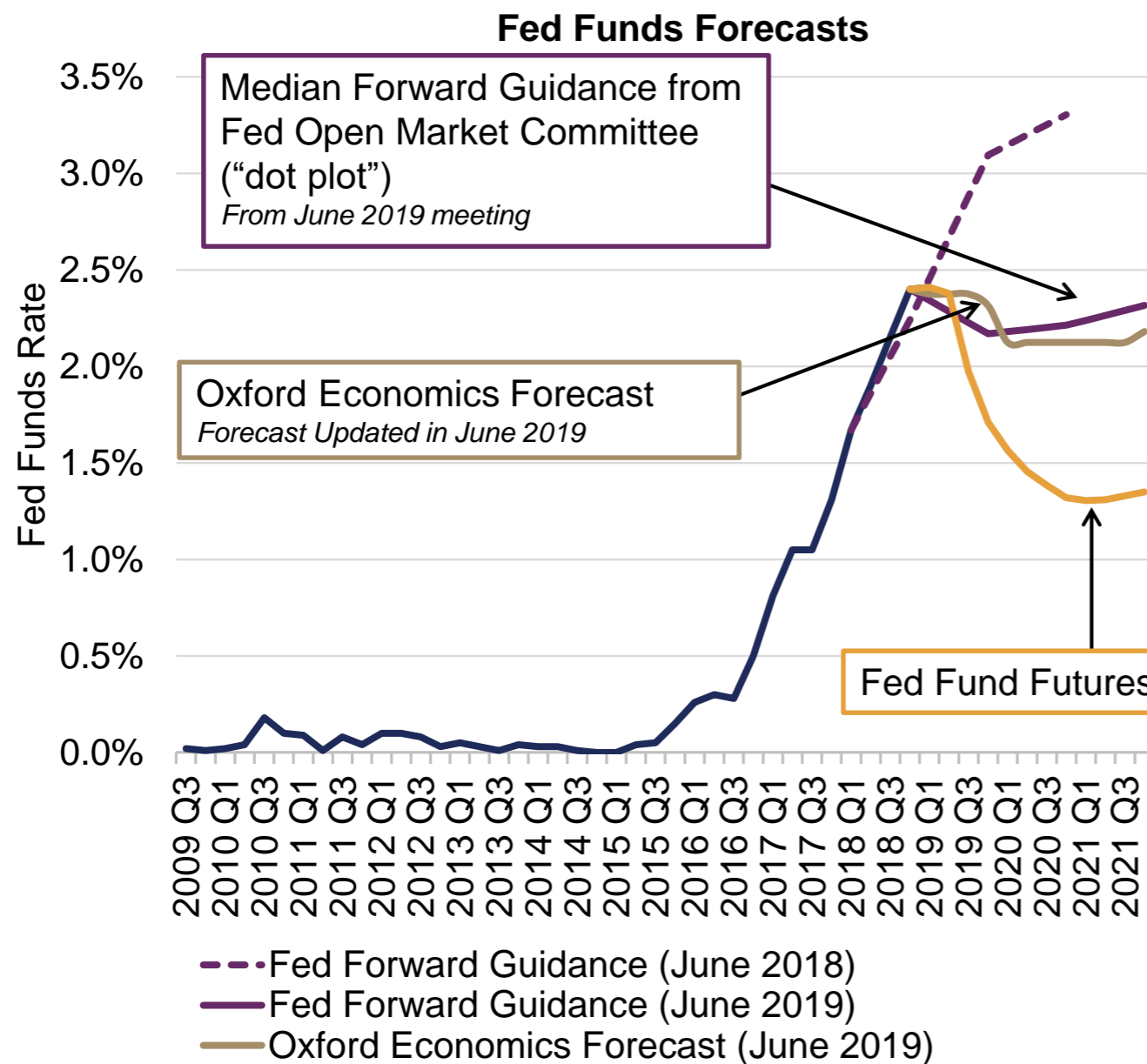
Event Probabilities Based on Prediction Markets	31 Mar. Prob.	30 Apr. Prob.	31 May Prob.	28 Jun. Prob.
Official Brexit Occurs by 1 November	n/a	35% ¹	40% ¹	32% ¹ ↓
Another Brexit Referendum is Held Before 1 November	n/a	18% ¹	12% ¹	11% ¹ ↔
Boris Johnson is the Next UK Conservative Party Leader	20% ¹	22% ¹	40% ¹	90% ¹ ↑
Manfred Weber is Next EU Commission President After May Elections (Juncker is Stepping Down; Margrethe Vestager is second most probable candidate)	65% ¹	80% ¹	65% ¹	24% ¹ ↓
Justin Trudeau Remains Canadian PM After October 2019 Elections	57% ¹	55% ¹	50% ¹	50% ¹ ↔
President Trump is impeached by US House of Representatives in 2019	13% ¹	20% ¹	30% ¹	18% ¹ ↓
De Galhau Succeeds Mario Draghi as ECB President in November 2019 (Liikanen is the most probable candidate at 35% and Jens Weidmann is at 26%)	2% ¹	13% ¹	10% ¹	20% ¹ ↑
2019 is the Hottest Year on Record	21% ¹	14% ¹	22% ¹	17% ¹ ↓
US Recession Occurs By Q4 2020	38% ¹	36% ¹	34% ¹	29% ¹ ↓
US Recession Occurs by Q4 2019	16% ¹	10% ¹	14% ¹	12% ¹ ↔
USMCA Trade Agreement is Ratified by Congress in 2019	35% ¹	25% ¹	23% ¹	33% ¹ ↑
Italian Parliament is Dissolved Before End of 2019	31% ¹	50% ¹	54% ¹	54% ¹ ↔



1. Based on PredictIt.org probabilities as of this date. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue. Latest as of 28 June 2019.

Fed Forward Guidance Shifts Lower

10Y AND 3M TREASURY SPREAD FALL INTO NEGATIVE TERRITORY



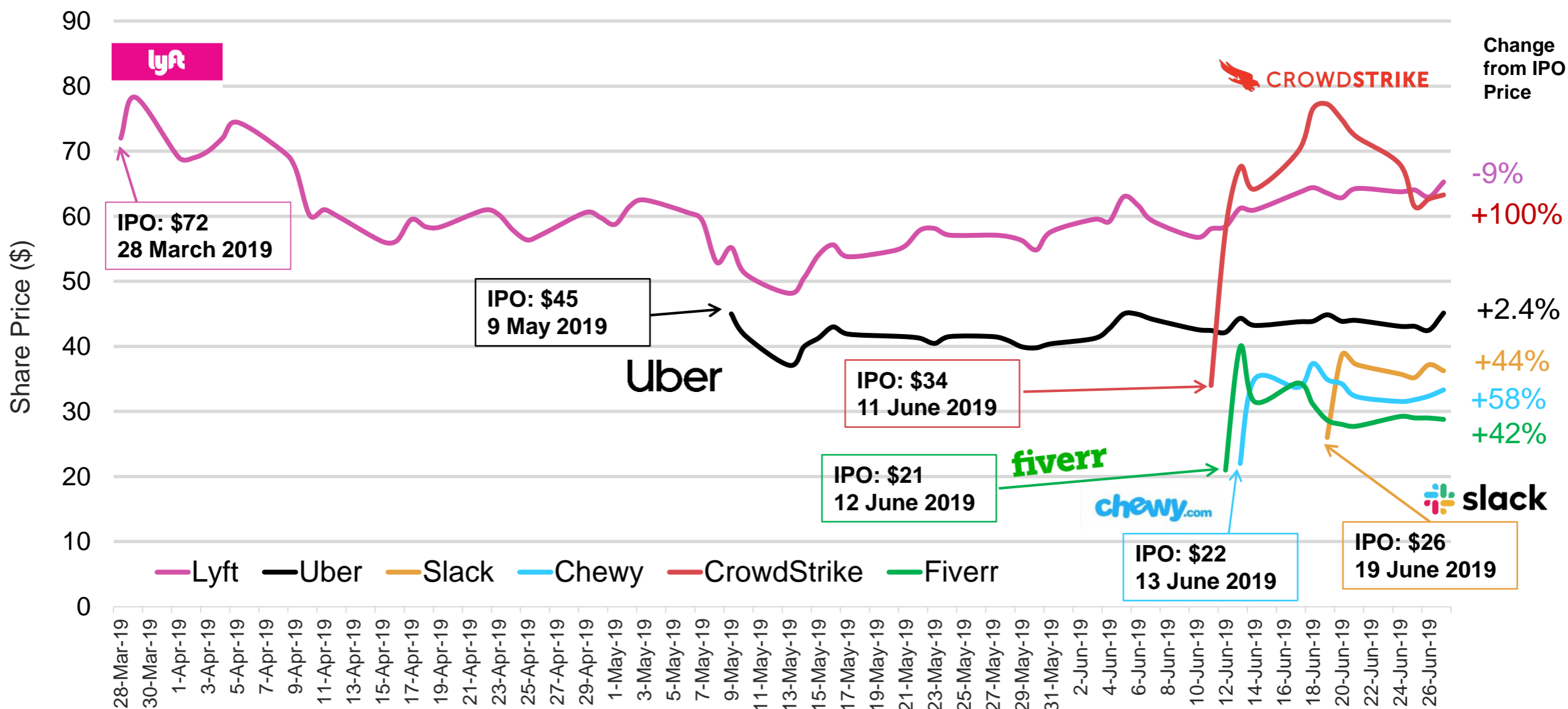
Economists, like those at Oxford Economics, have revised their forecast lower in June to one rate cut in Q1 2020. The Fed dot-plot guidance forecast is for one rate cut in 2019 and a hike in 2020 back to the current range. By contrast, Fed Funds futures markets are betting on three 25bps rate cuts in 2019 and close to another 50bps of cuts in 2020.

Source: Bloomberg, Federal Reserve Updated 28 June 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue or that any forecasts shown herein will materialize as expected.

Bevy of June IPOs Rise From Initial Pricing

UBER HAS CRAWLED BACK TO ITS IPO PRICE

Share Price Trend for Recent Initial Public Offerings

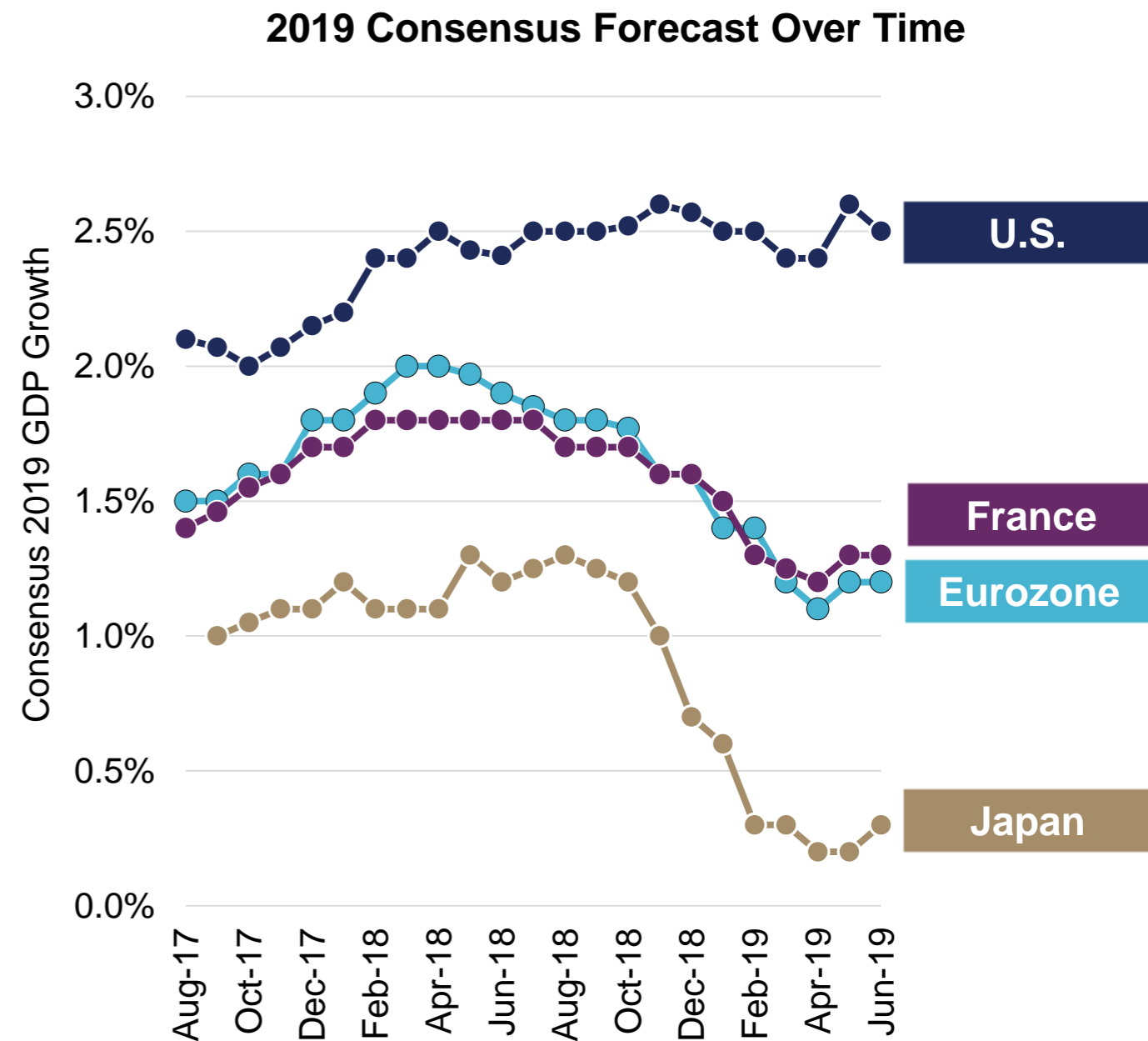
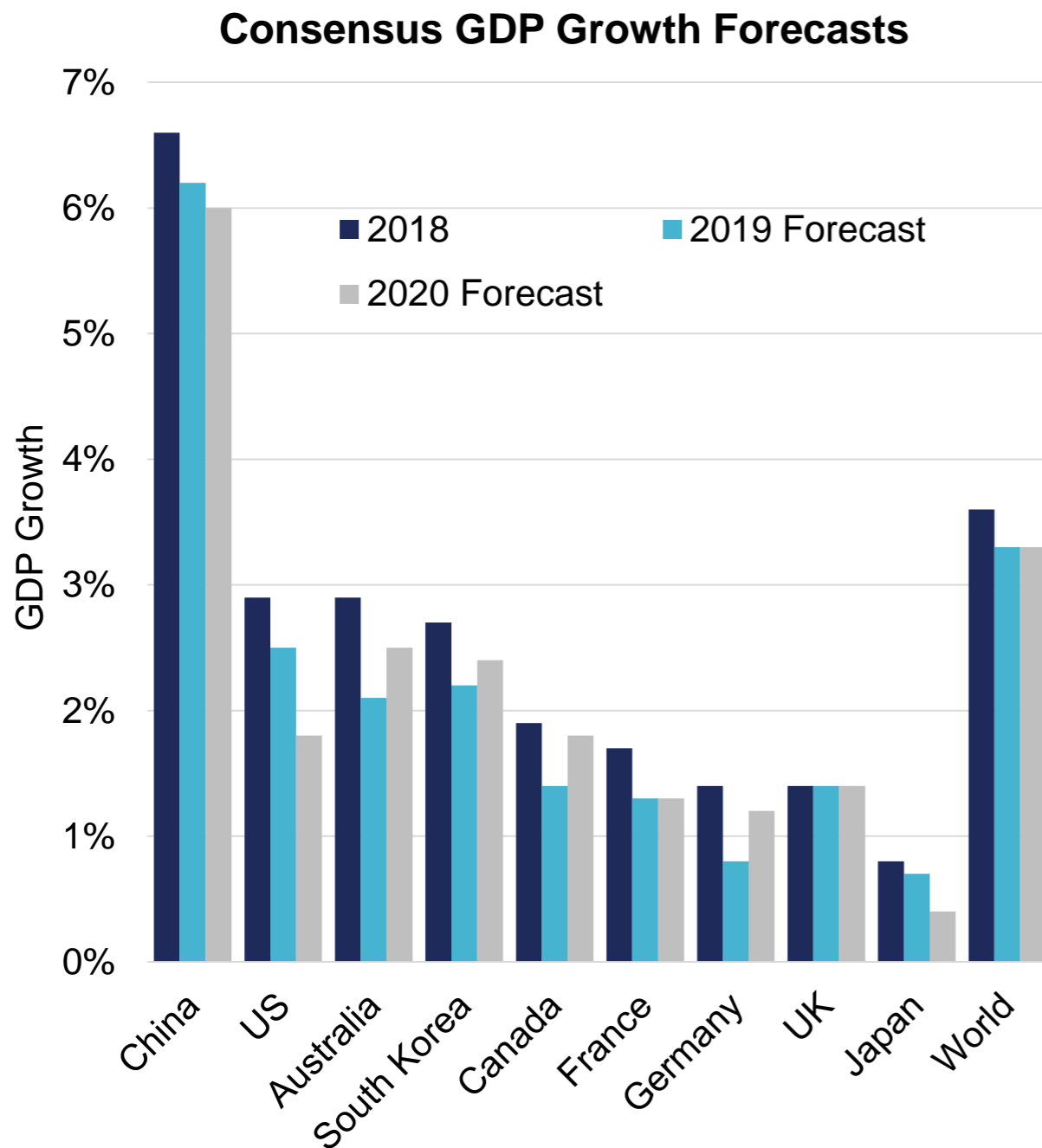


Chewy.com (online pet food), Slack (work communication), Fiverr (freelance services) and CrowdStrike (cybersecurity) had successful IPOs in June.

Source: Bloomberg. Latest data as of 28 June 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Consensus Growth Forecast Stable

JAPAN AND EUROZONE GROWTH OUTLOOK SLIGHTLY HIGHER IN JUNE



The World Bank expects global expansion to moderate to 2.6% in 2019, due to weaker economic momentum and investment, as well as a slowdown in global trade. The World Bank's forecast is below OECD's May estimate of 3.2% global growth for 2019.

Source: Bloomberg Survey of Forecasters – Latest forecasts as of 27 June 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

New LaSalle Research & Strategy Publications

LaSalle Mid-Year ISA Update 2019

With half of 2019 already in the history books, we update our global real estate investment recommendations in this report.



Latest Publications

US NCREIF Index Review and Forecast *(Forthcoming)*

This report explores the drivers of private real estate performance, provides additional detail on property type returns, and presents our forecast of the NPI and ODCE.

LaSalle's 2019 Global Real Estate Universe Update *(Forthcoming – see slides in next section)*

Each year LaSalle's Research and Strategy team estimates the size of the income-earning universe of real estate throughout the world. We have continued to refine this estimate for 2019, incorporating data on urbanization on transparency and estimating property market size in all metro areas with over one million residents.



Trade Wars are Here to Stay - How can European Real Estate Investors Build Portfolio Resilience?

LaSalle has looked at the likely macroeconomic costs of increased barriers to trade and their potential consequences for European real estate markets.



Proptech and Predictive Data Analytics are Changing Real Estate Investment

This note expands on our 2019 ISA, examining how predictive data analytics tools and proptech companies change how we invest, as well as how we seek to see through the hype that surrounds the growing proptech sector.



Urbanization Reimagined

In this note, we look beyond the simple story of more tenant demand in urban places and consider how land prices and rents will change in different parts of the metro area going forward.



Completion Strategies

Bringing together authors from LaSalle's public and private real estate teams, this paper illustrates how investors can use publicly traded real estate securities to efficiently "complete" their real estate allocations by adding niche property types.



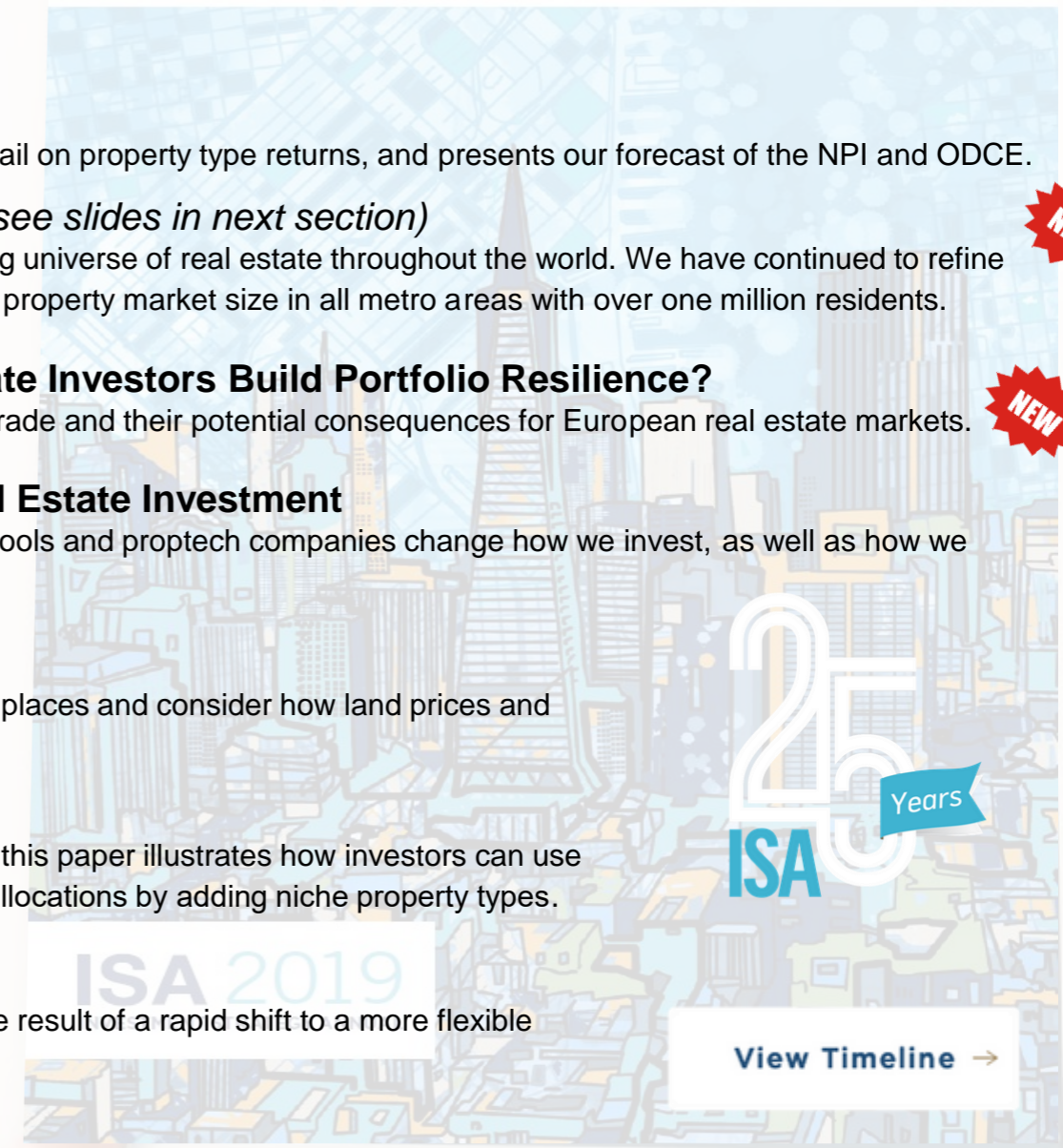
The Rapid Growth of the Flexible Office

This report explores how landlord and tenant relationships are changing as the result of a rapid shift to a more flexible office model and how property owners should respond to these changes.



Taking Advantage of Uncertainty

This *Briefing Note* explores the options which may become available to investors keen to take advantage of any market dislocation brought about by this ongoing uncertainty surrounding the UK's future relationship with the EU.



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USERNAME: LaSalle

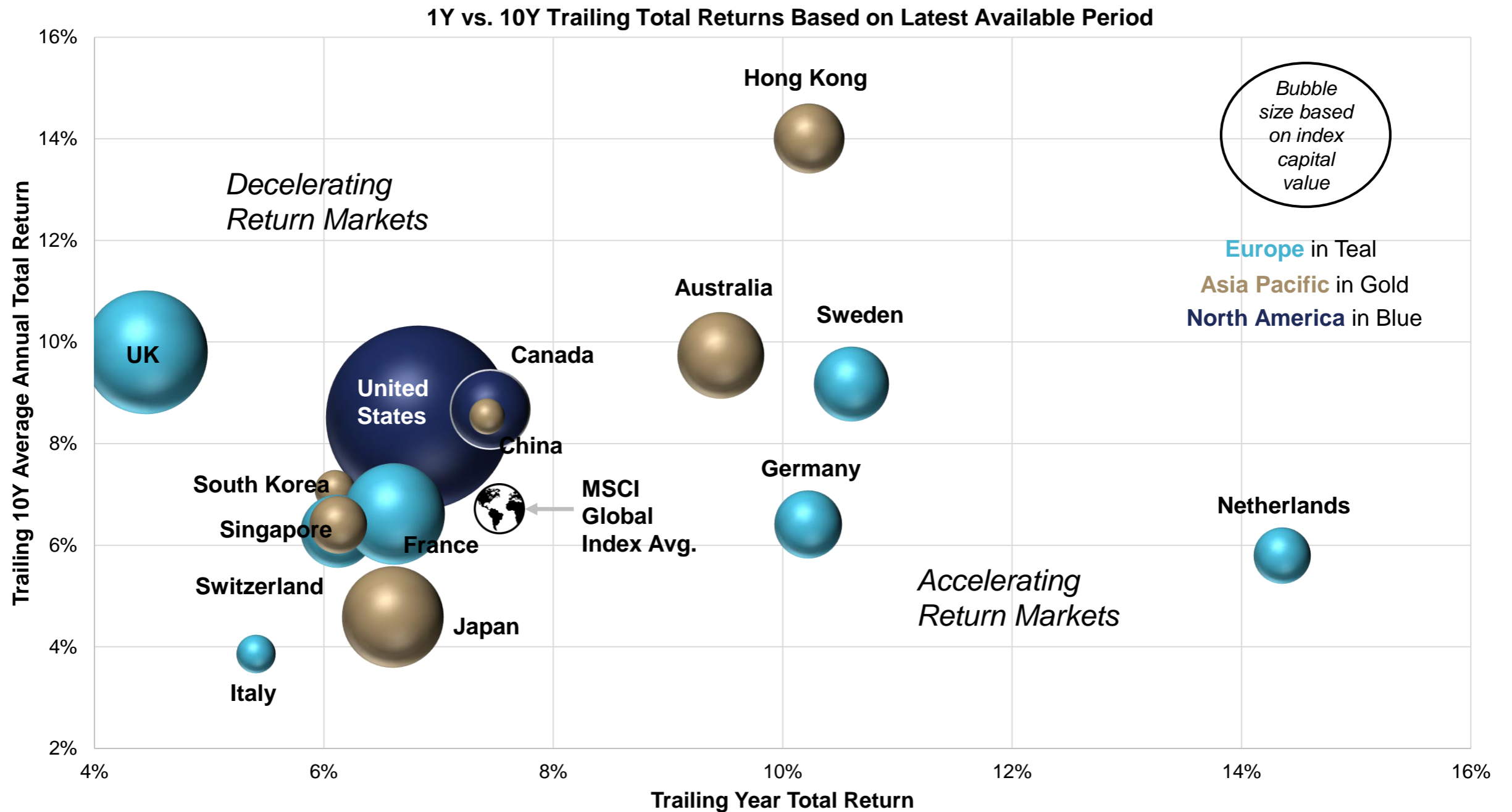
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Real Estate Performance



Historic Private Unleveraged Property Returns

NORTHERN EUROPE LEADS OVER PAST YEAR, WITH UK DECELERATING MOST

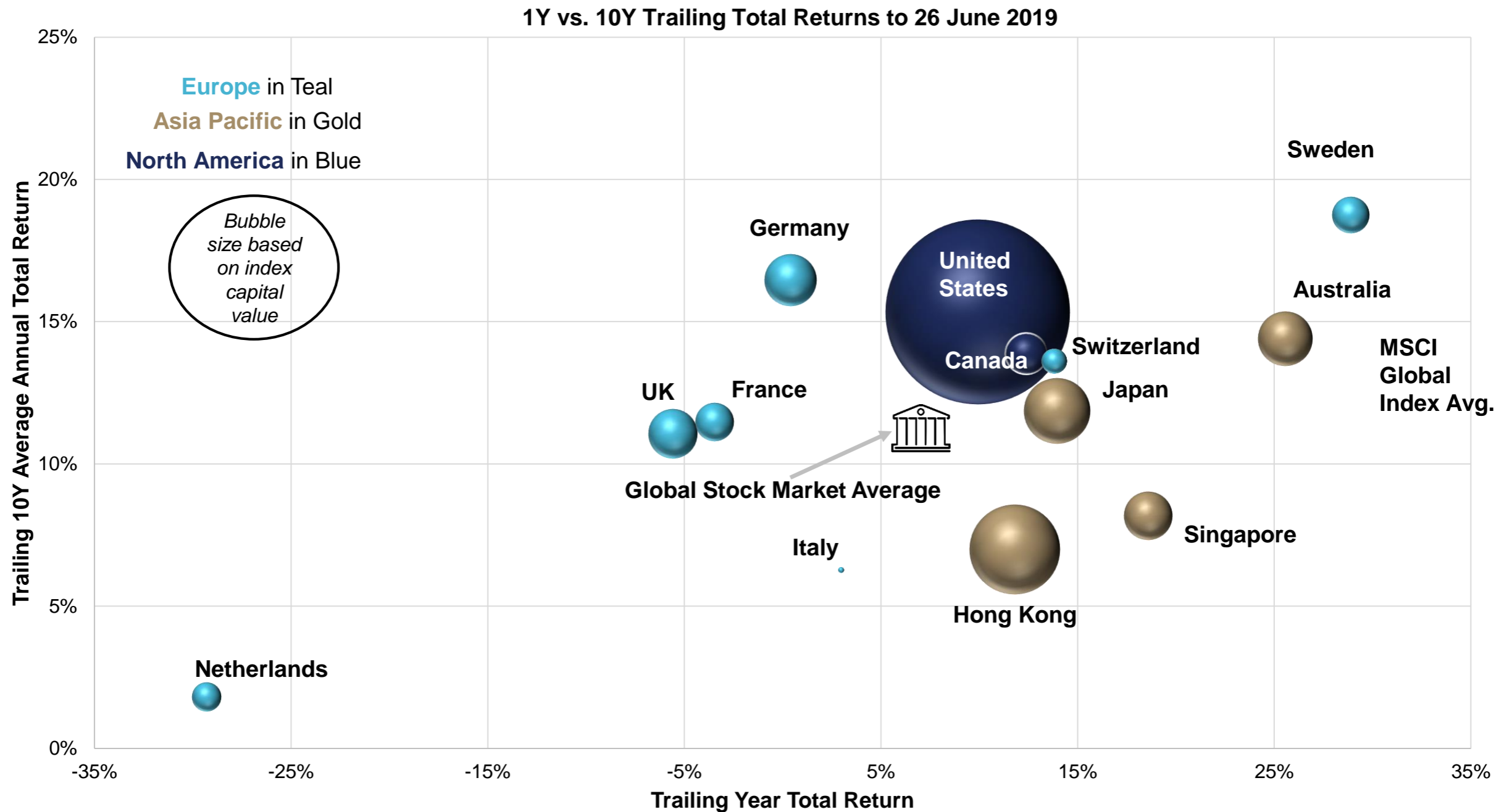


Among major markets, Germany and the Netherlands led the pack in the most recent year available. In most markets total returns decelerated somewhat, with a sharper deceleration in the UK. Trailing year UK returns based on quarterly data were 4.5% through Q1 2019, compared to a 10Y average of 9.8%.

Sources: MSCI Indices, with quarterly total returns to Q1 2019 used for Australia, Canada, the Netherlands, and the UK. Monthly returns to February 2019 used in Japan. And annual index returns to YE 2018 used in China, South Korea, Hong Kong, Singapore, France, Italy, Switzerland, Sweden, and Germany. US returns are from the NCREIF Property Index and are quarterly through Q1 2019. All returns are in local currency and based on standing investments. Market sizes are based on the annual index capital values, or on the quarterly index capital values if they are based on the same sample as in the annual index (as in the US, Japan, Australia, and Canada). Latest available data as of 28 June 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Historic Real Estate Securities Total Returns

ASIA-PACIFIC MARKETS LEAD OVER LAST YEAR

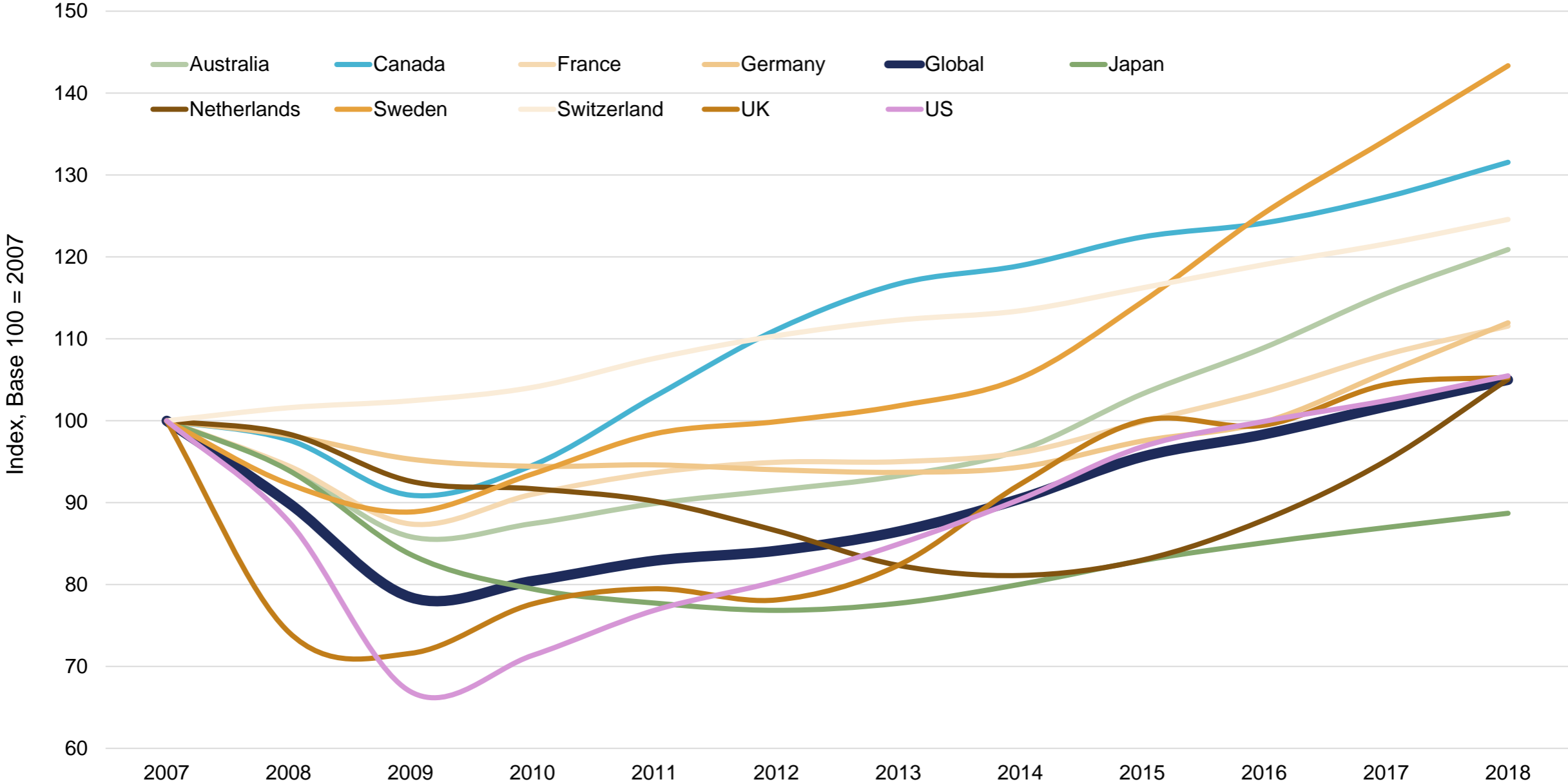


Global REIT returns, based on the S&P Global Developed Index in USD, have exceeded global equity market returns, based on the MSCI All Country Gross World Total Return Index, over the last 1 and 10 trailing year periods. As of quarter-end Q2 2019, global REITs had a 9.7% trailing year total return and a 13.6% trailing 10 year total return.

Sources: EPRA NAREIT Total Return Indices to 26 June 2019 in local currency in all cases except Switzerland, which is in Euros. Bubble size is based on index market cap, converted in to USD.
 Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Cumulative Real Estate Capital Growth post GFC

JAPAN LAST MAJOR MARKET YET TO RECOVER FROM GFC



Source: MSCI. Data to Year-end 2018. Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

LaSalle Global Fair Value Analysis

MORE REAL ESTATE MARKETS MOVE INTO FAIR VALUE OR INEXPENSIVE RANGE AS RISK FREE RATES FALL

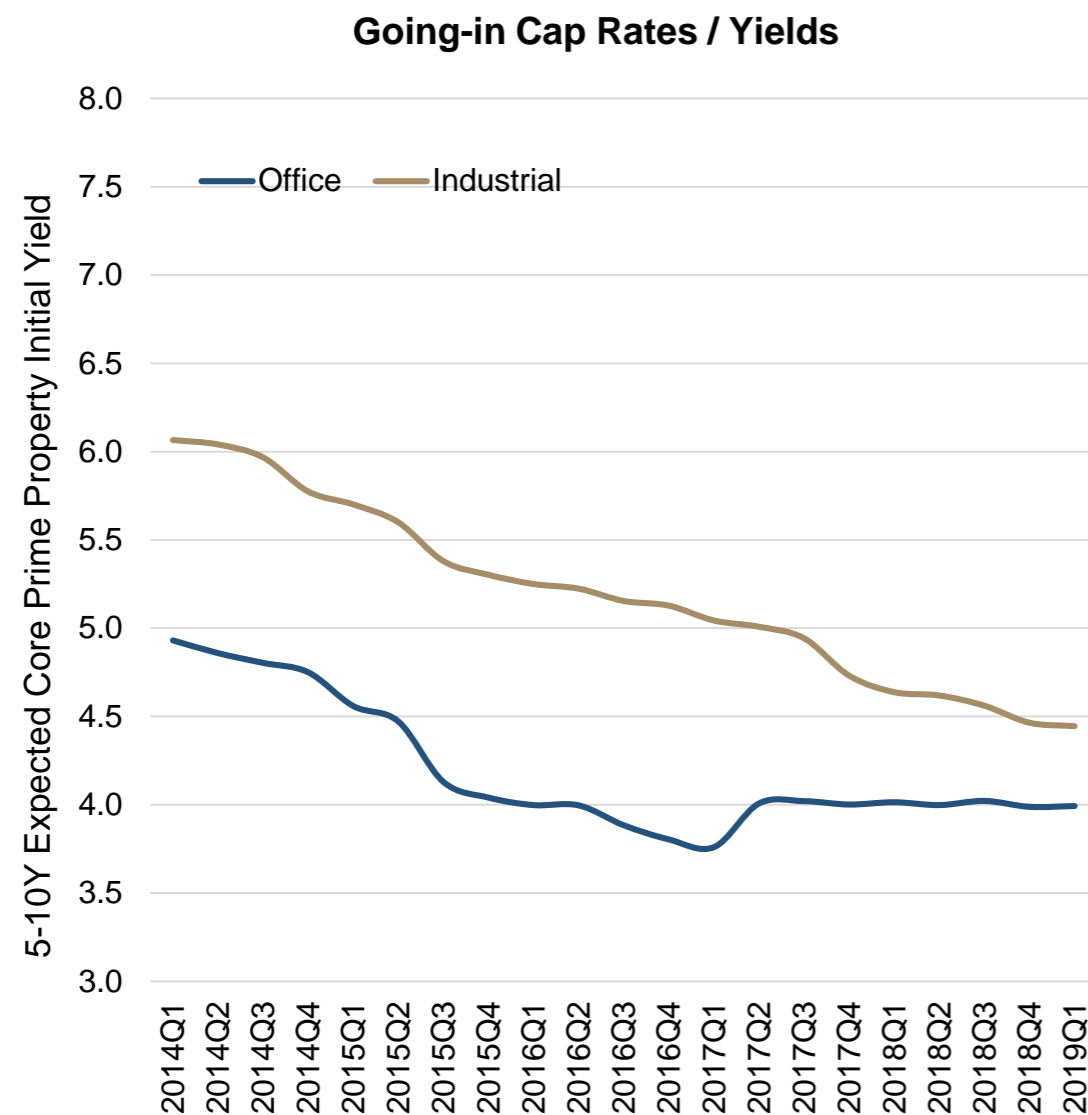


The graph above shows expected and required unleveraged 10 Year (North America, Europe) and 5 Year (Asia Pacific) IRRs for core real estate.

As of 1Q 2019. Source: LaSalle. .
 Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue or that any forecasts shown herein will materialize as expected.

Global Gateway Core Cap Rate and Expected Return Trends

BASED ON LASALLE'S MARKET WATCH ANALYSIS



This trend data is based on a simple average of our prime cap rate estimates and expected returns used in our Market Watch analysis for Tokyo, Sydney, London, Paris, Toronto, and the US.

Given this mix of markets, the level of the data above is not especially meaningful, but the trend is significant. Initial yields have been stable for office and declining for industrial. Expected returns declined from 2014-17 but have recently slightly increased.

Source: Bloomberg. Updated June 2019. Returns for Tokyo and Sydney were for a 10 year hold prior to 2017 Q2 and thereafter were for a 5Y hold.
 Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

LaSalle's Latest Real Estate Universe Update



NASA, ESA, the Hubble Heritage Team (STScI/AURA), A. Nota (ESA/STScI), and the Westerlund 2 Science Team

LaSalle's 2019 Global Real Estate Universe Estimates

OUR MARKET SIZE ESTIMATES ARE DIVIDED INTO THREE DISTINCT CATEGORIES

Total Income-Producing Real Estate

Value of existing stock of all commercial (office, retail, industrial, alternatives) with the potential to be income-generating and all currently rented residential buildings. Owner-occupied residential homes, infrastructure, and agricultural land are not included.

US\$59 trillion

Institutional-Owned

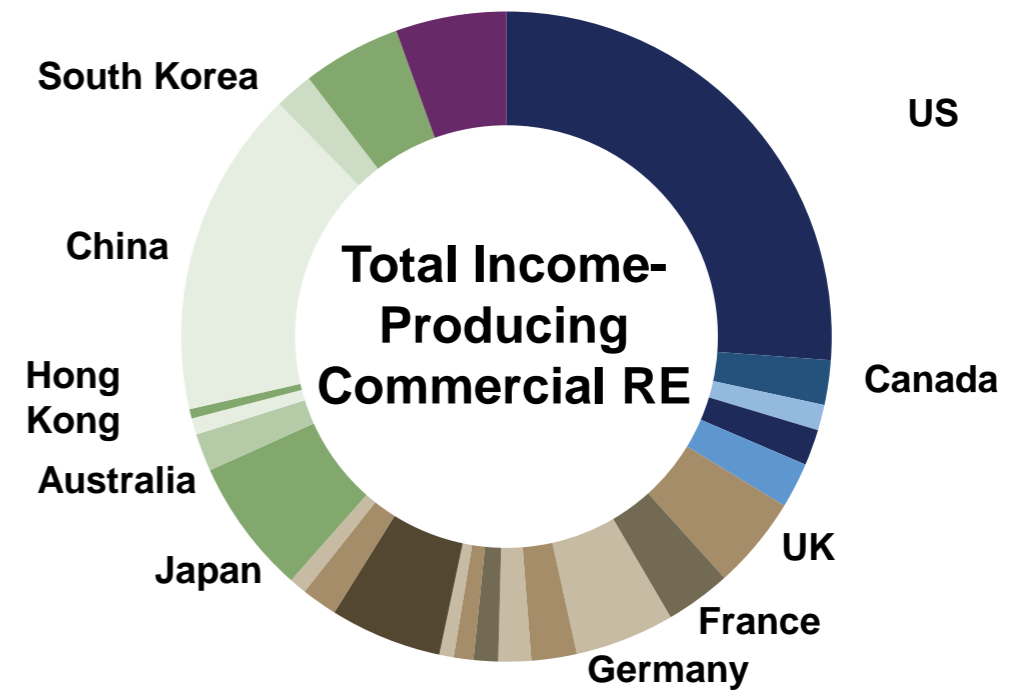
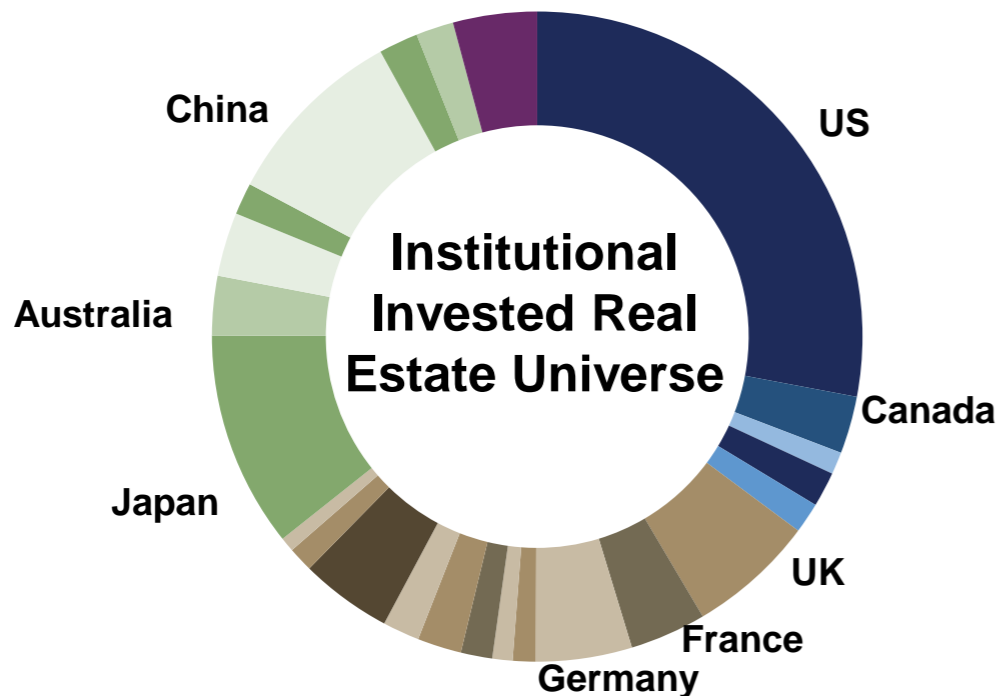
The unleveraged total value of all income-producing real estate in professionally managed portfolios, both public and private.

US\$10.9 trillion

Public Real Estate (GAV)

The gross asset value of real estate owned by REITs and REOCs listed on public exchanges, excluding homebuilders.

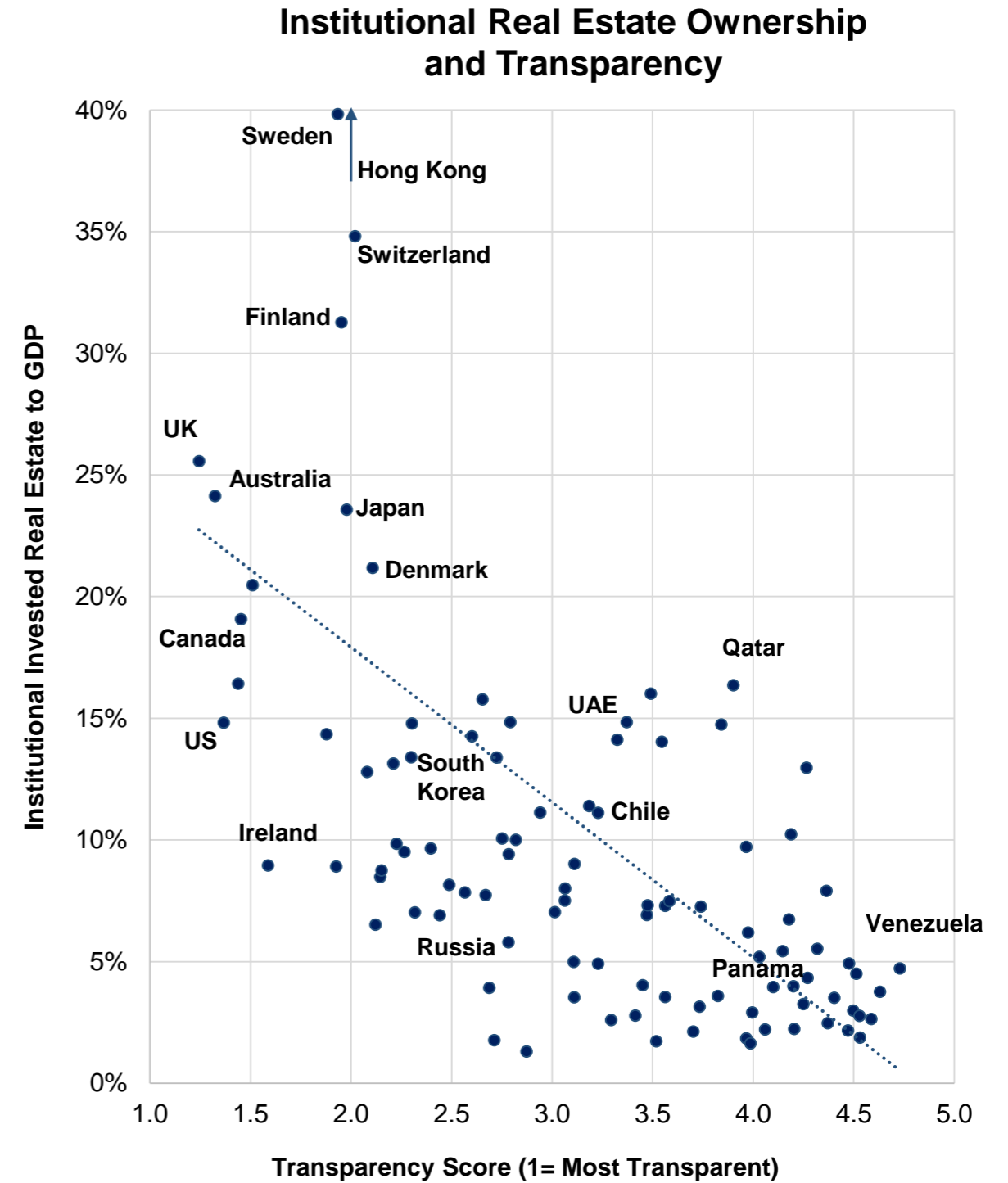
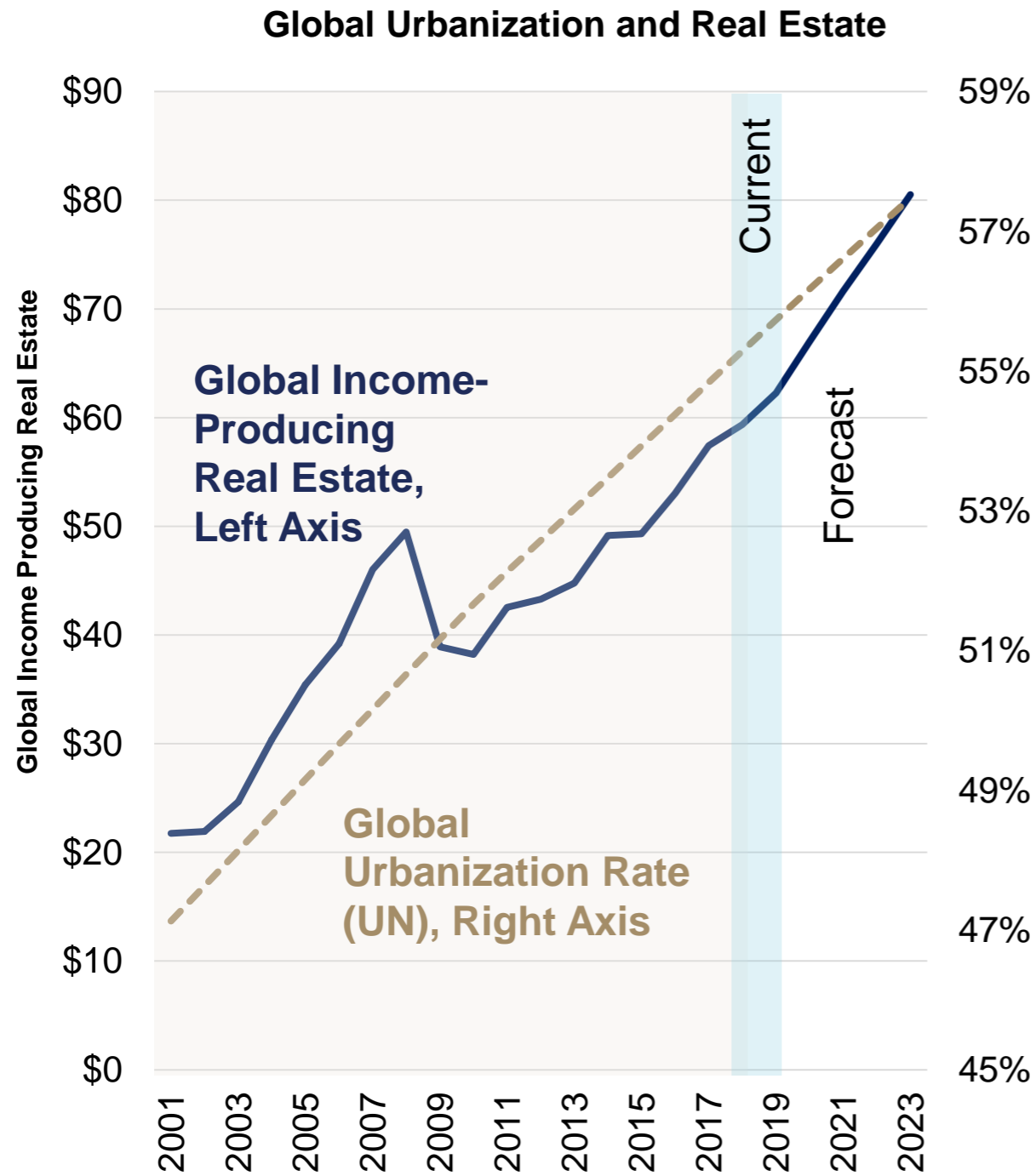
US\$ 4.8 trillion



Sources used in LaSalle analysis: Oxford Economics, Citigroup, Bloomberg, NCREIF, MSCI, Investment Property Forum (UK), National Bureau of Statistics of China, US Bureau of Economic Analysis, US Federal Reserve, Company financial statements. Estimates reflect data through year-end 2018. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Urbanization and Transparency Correlate with Market Size

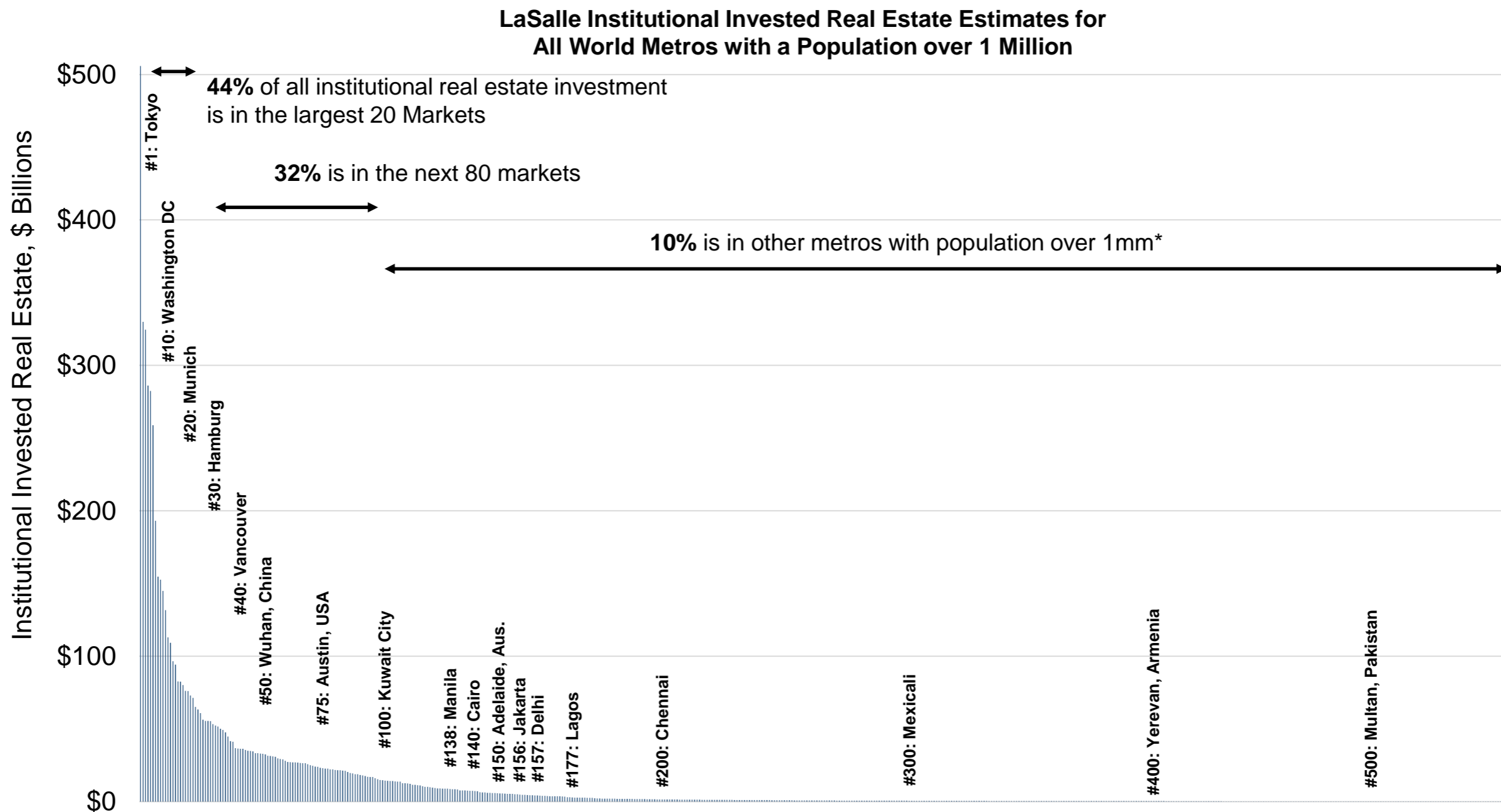
OUR ESTIMATES INCORPORATE BOTH FACTORS



Sources used in LaSalle analysis: Oxford Economics, Citigroup, Bloomberg, NCREIF, MSCI, Investment Property Forum (UK), National Bureau of Statistics of China, US Bureau of Economic Analysis, US Federal Reserve, Company financial statements. Estimates reflect data through year-end 2018. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Institutional Real Estate is Highly Concentrated in a Few Metros

LASALLE INSTITUTIONAL INVESTED REAL ESTATE ESTIMATES FOR ALL METROS WITH A POPULATION OVER 1MM

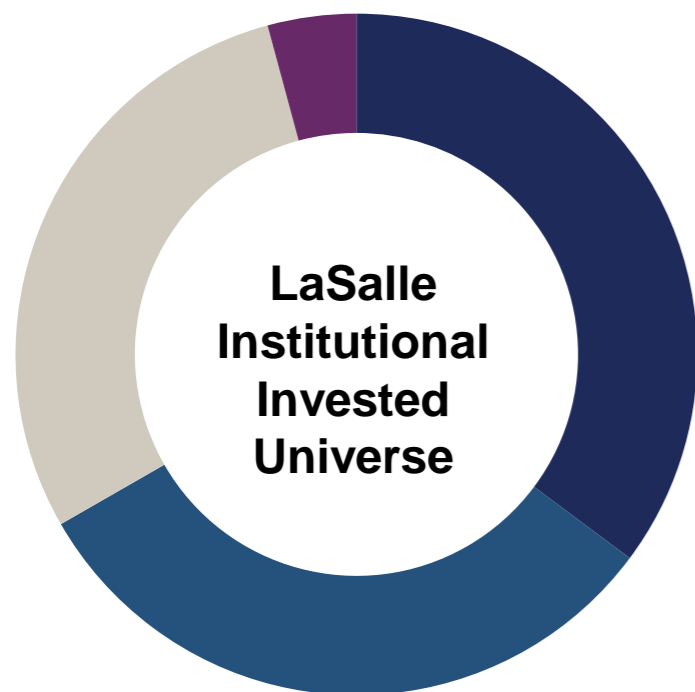


*Another nearly 15% of ownership is outside of metros with over 1mm residents. Examples of markets in this remainder include Geneva, Cambridge UK, and Canberra Australia.

Source: LaSalle analysis as of Q4 2018. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

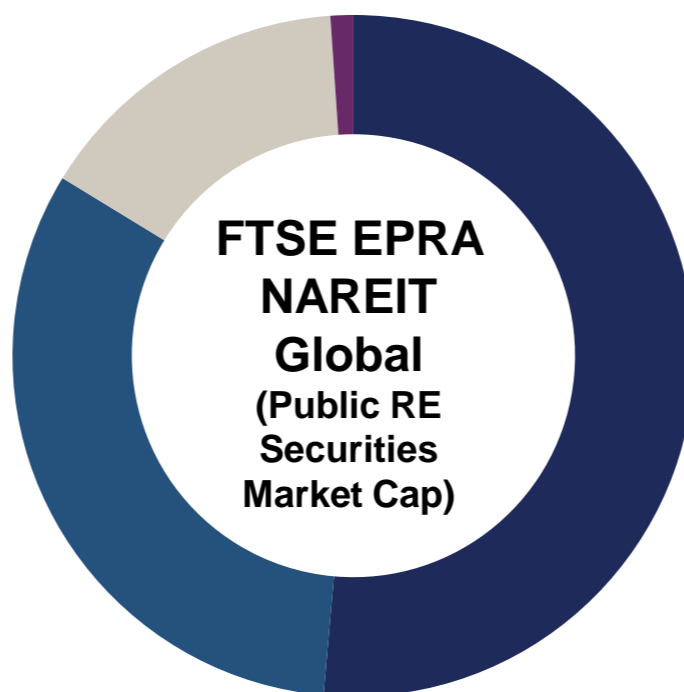
Our Estimates Differ from Global Index Allocations

COMPARING OUR ESTIMATED INSTITUTIONAL ALLOCATION VS. RE SECURITIES AND PRIVATE INDICES



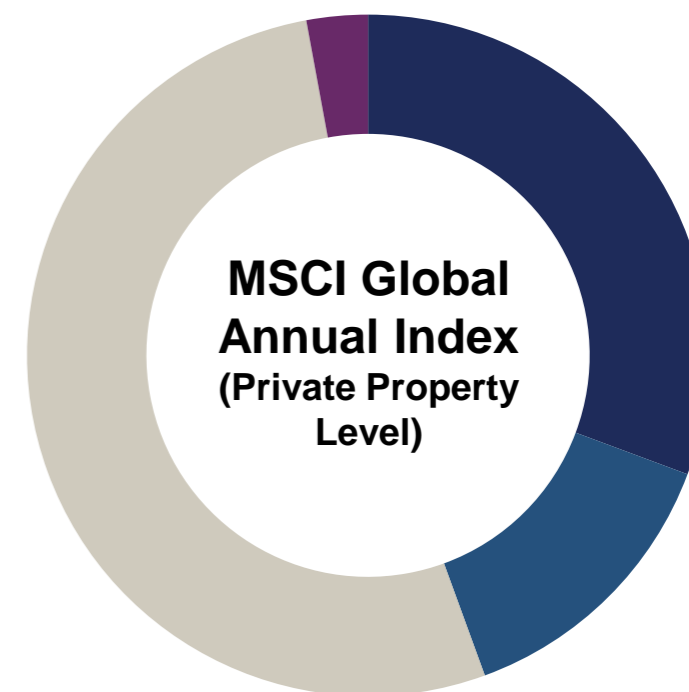
- Americas **35%**
- Asia-Pacific **32%**
- Europe **29%**
- Middle East & Africa **4%**

**\$10.9 Trillion
Estimated GAV**



- Americas **51%**
- Asia-Pacific **32%**
- Europe **15%**
- Middle East & Africa **1%**

**\$1.8 Trillion Net
Market Cap**



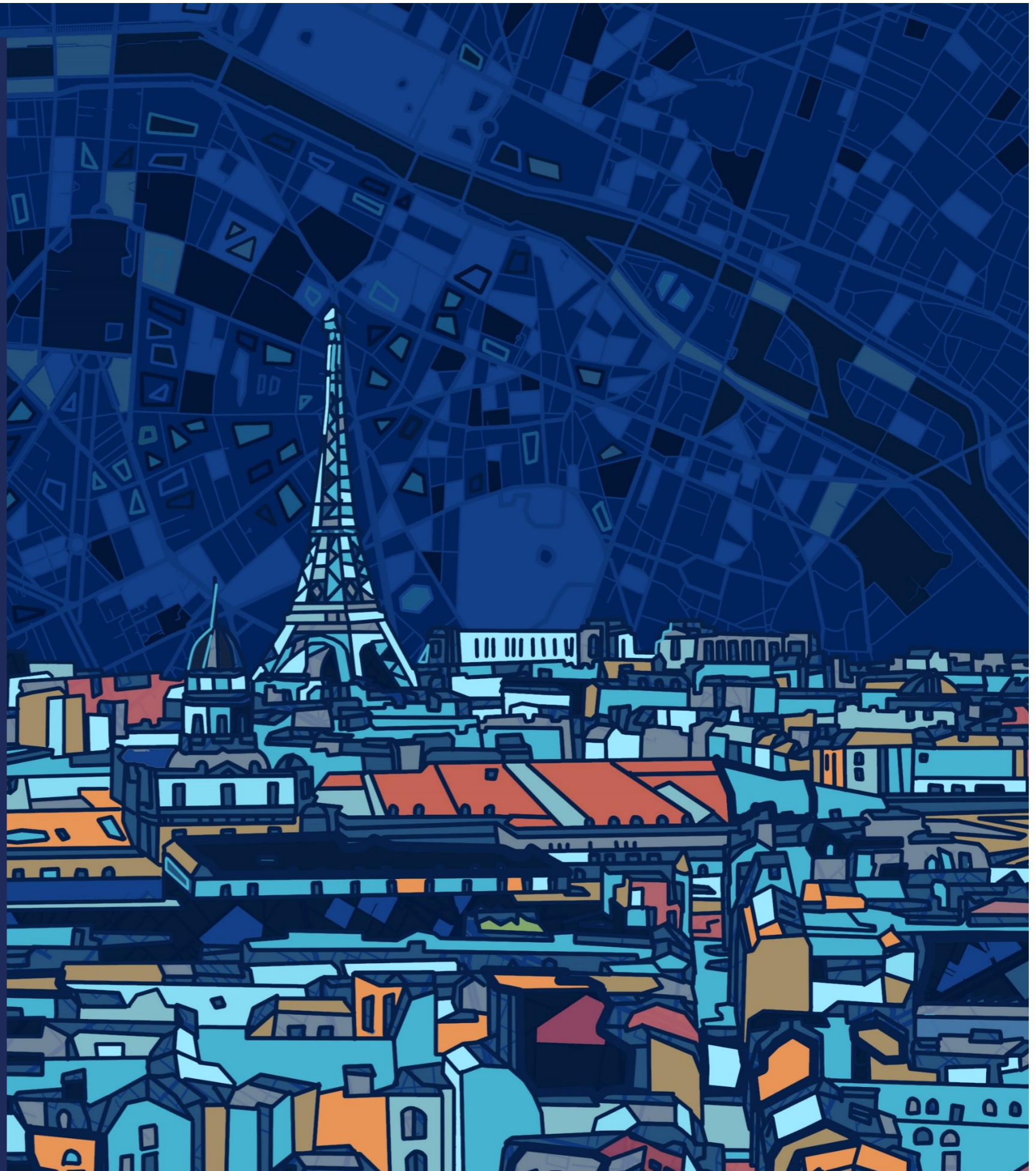
- Americas **31%**
- Asia-Pacific **14%**
- Europe **53%**
- Middle East, Africa, & Other **3%**

\$1.8 Trillion GAV

LaSalle’s institutional invested real estate universe looks surprisingly different from existing cross-border real estate indices. Public real estate securities indices show a much smaller allocation to Europe than our estimates. MSCI’s Global Annual Property Index is the opposite, showing a higher allocation to Europe. While seemingly in conflict with each other, the Securities, private direct, and fund indices each represent a different slice of the universe, and each of these particular slices of different investment structures and strategies is not necessarily representative of the whole opportunity set for either a direct or an indirect real estate investor.

Source: FTSE EPRA NAREIT Global Index (as of 30 April 2019). MSCI Global Annual Property Index (as of 2018). LaSalle institutional invested estimates as of Q4 2018.
Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Regional Trends: Europe

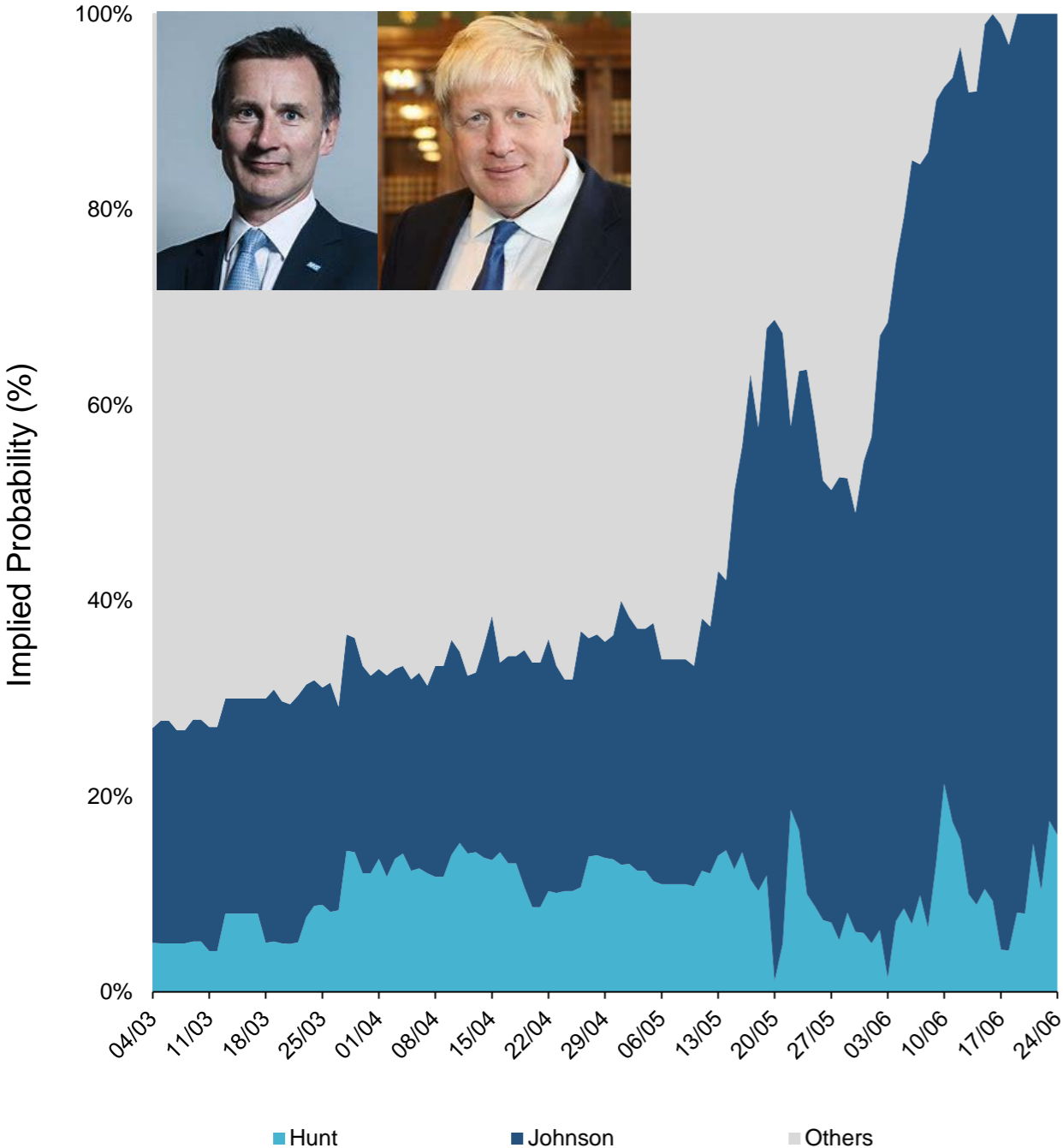


Boris Johnson is The Front-runner To Replace May

SURGE IN VOTING INTENTION FOR SMALLER PARTIES WITH CLEAR VIEWS ON BREXIT

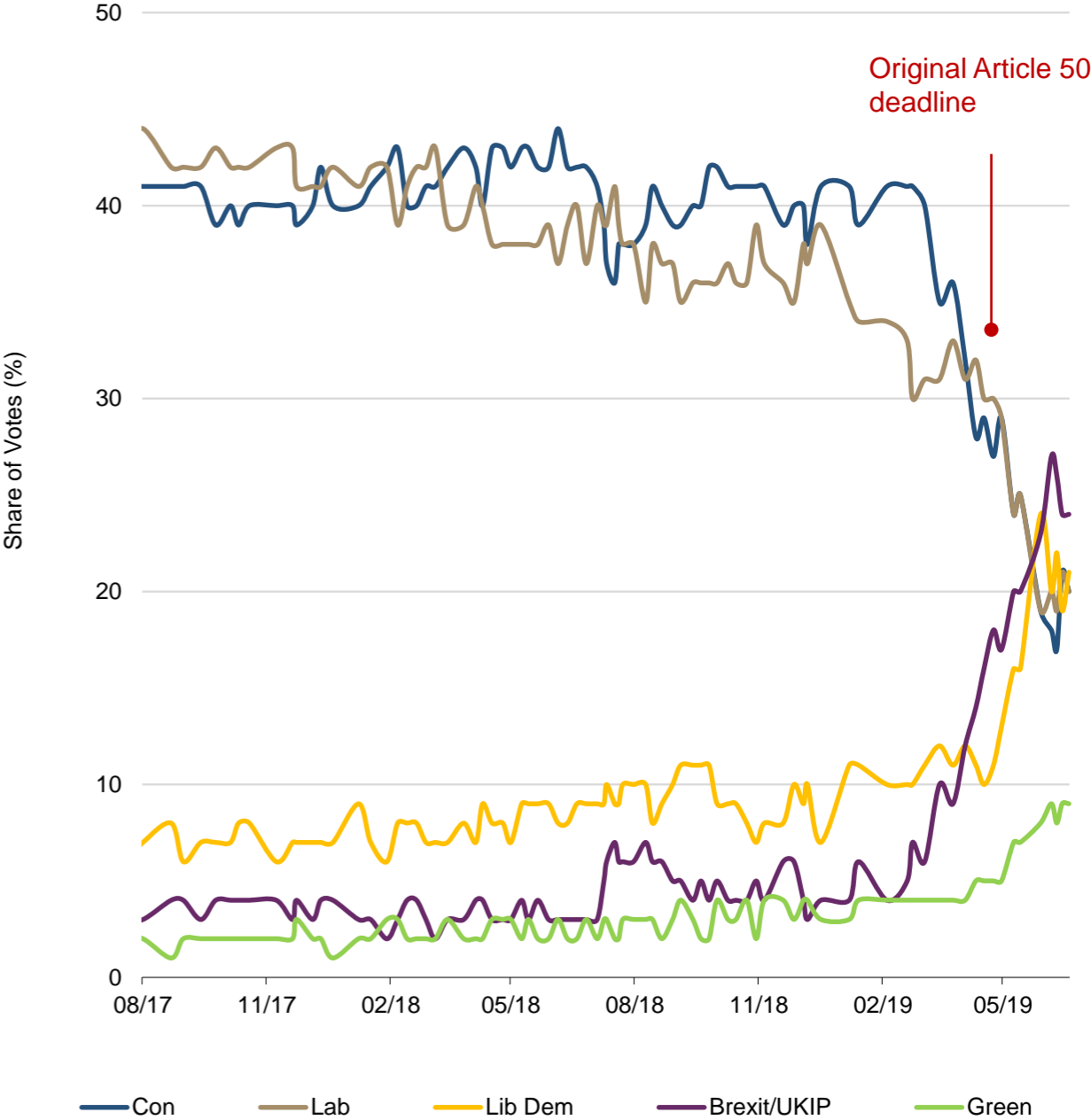
Implied Odds of Next Conservative Leader

[Betting Odds]



Voting Intention

[% share of votes]



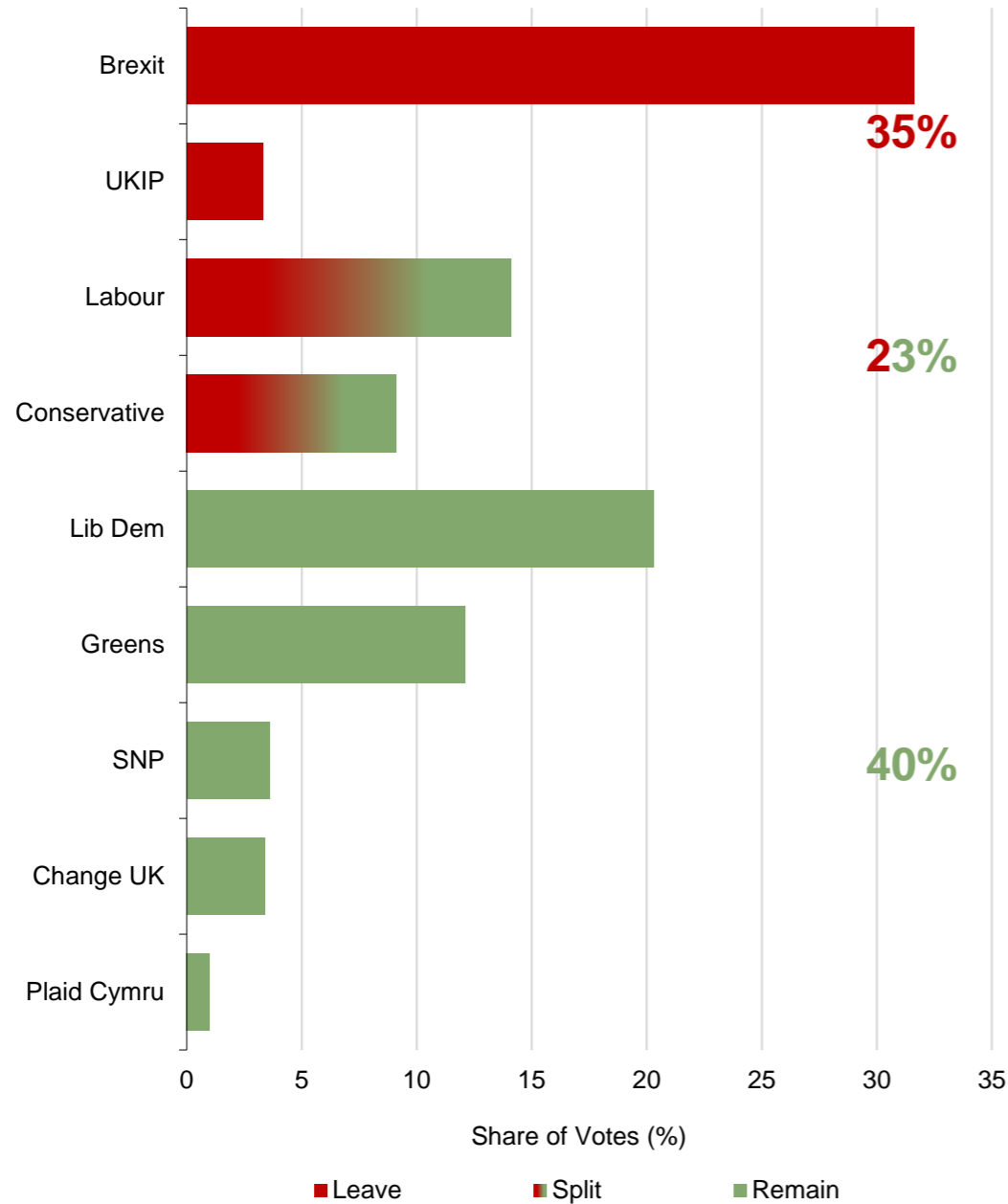
Source: LaSalle (06/19) Predictit (06/19) YouGov (06/19). Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Brexit By End of October Still a Long Shot

RISE OF GREEN PARTY IN UK EUROPEAN ELECTIONS POINTS TO GATHERING MOMENTUM ON PROPERTY ESG

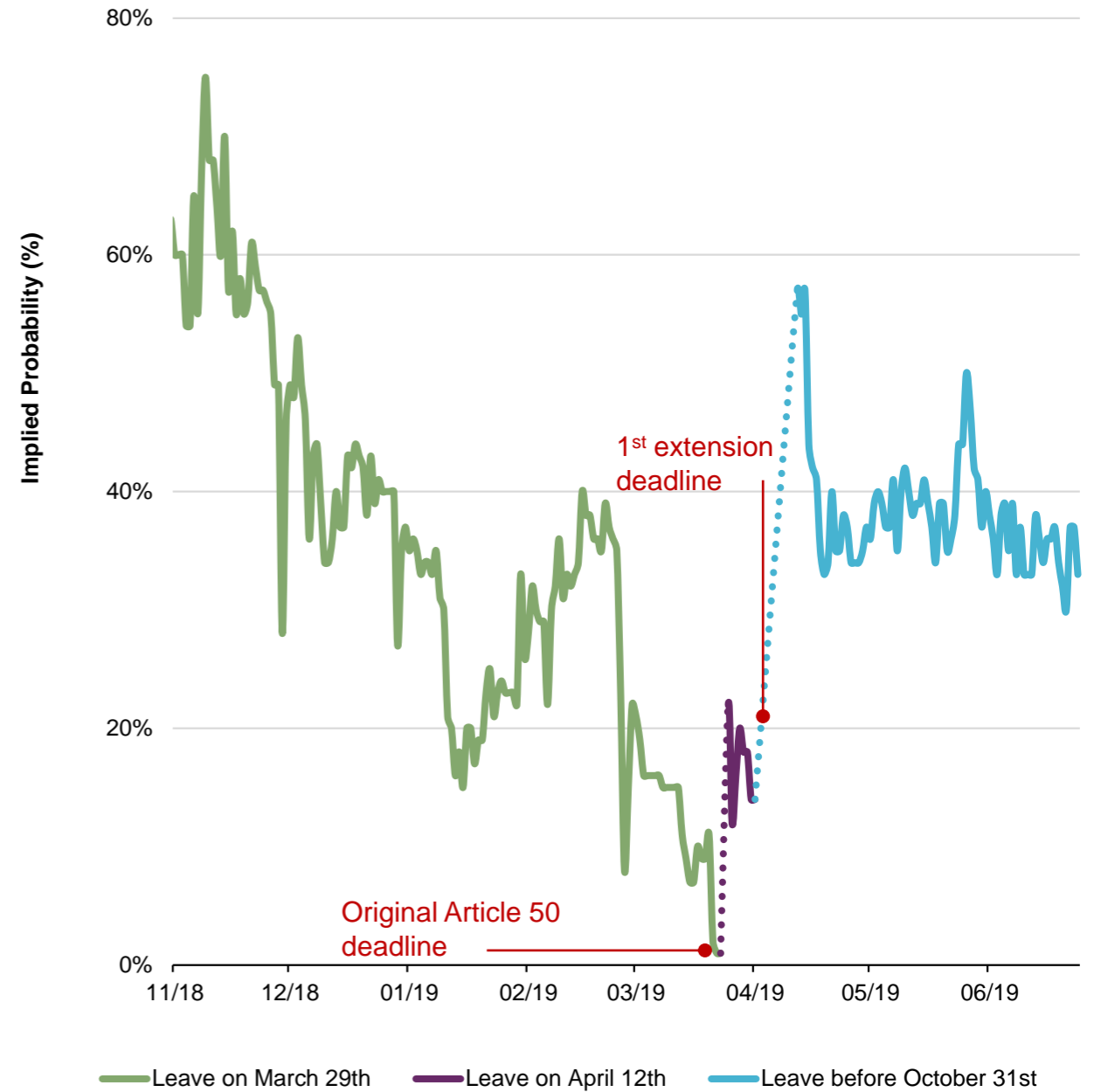
UK EU Election Results

[% share of votes]



Implied Probability of Brexit by Stated Deadline

[Betting odds]

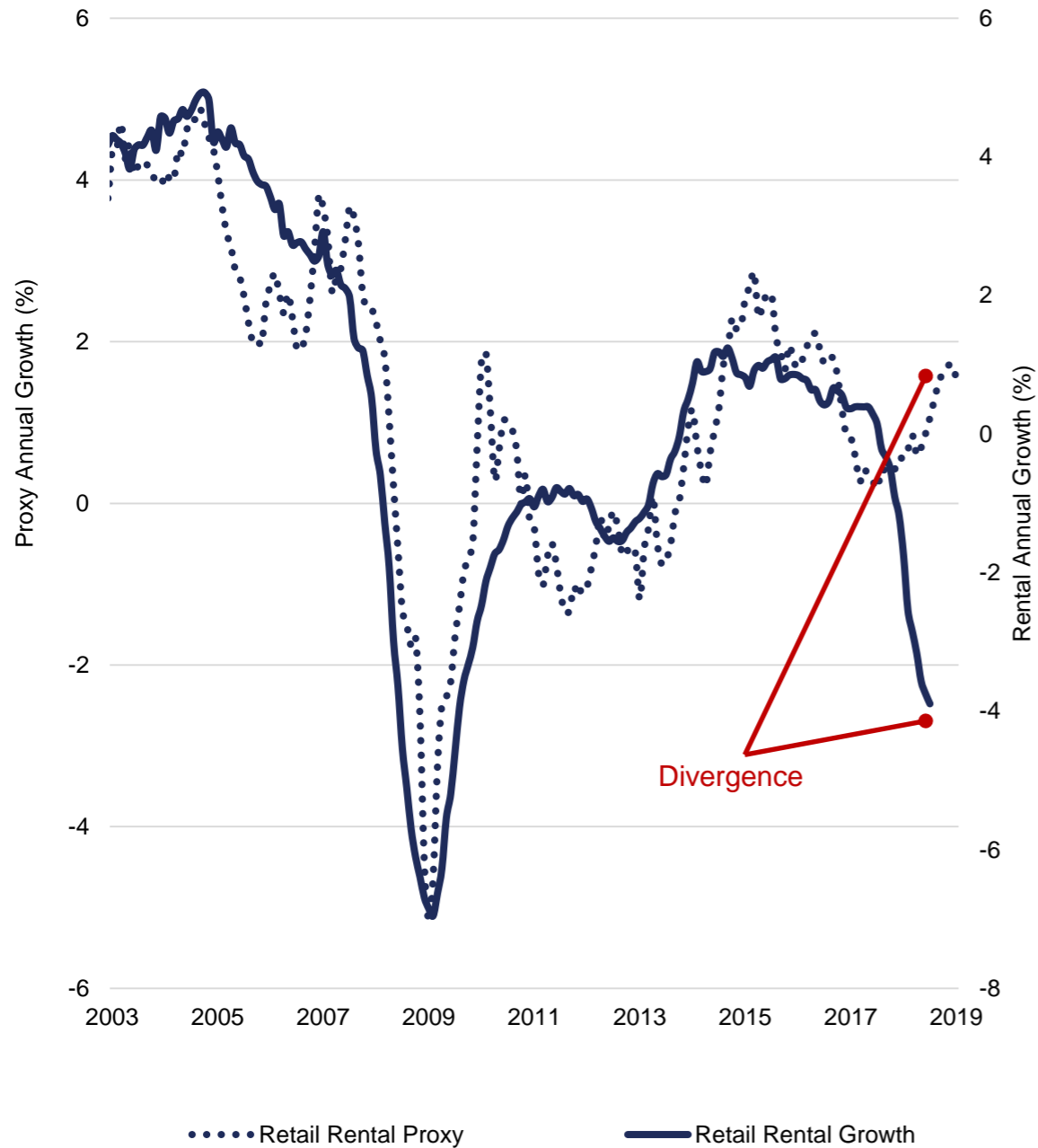


Source: LaSalle (06/19) Predictit (06/19) BBC (05/19). Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

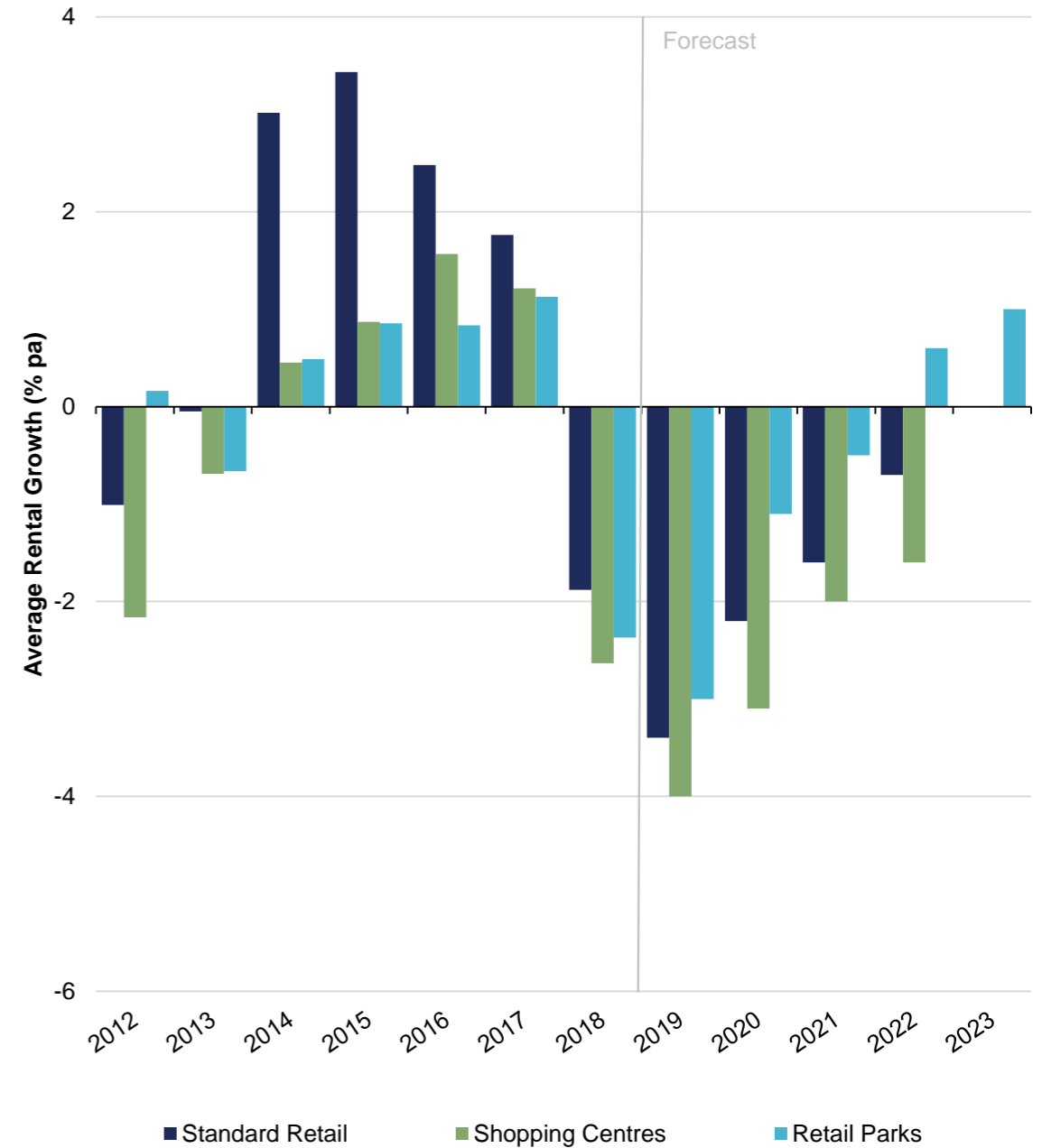
UK Retail Rents Weaken

RENTS LIKELY TO FALL CUMULATIVELY BY 7% TO 15% OVER MEDIUM TERM

Retail Rent Proxy
[Annual Growth]



Retail Rental Growth
[% pa]



Proxy retail rental growth = real wage growth + retail sales + house price growth + household deposit growth

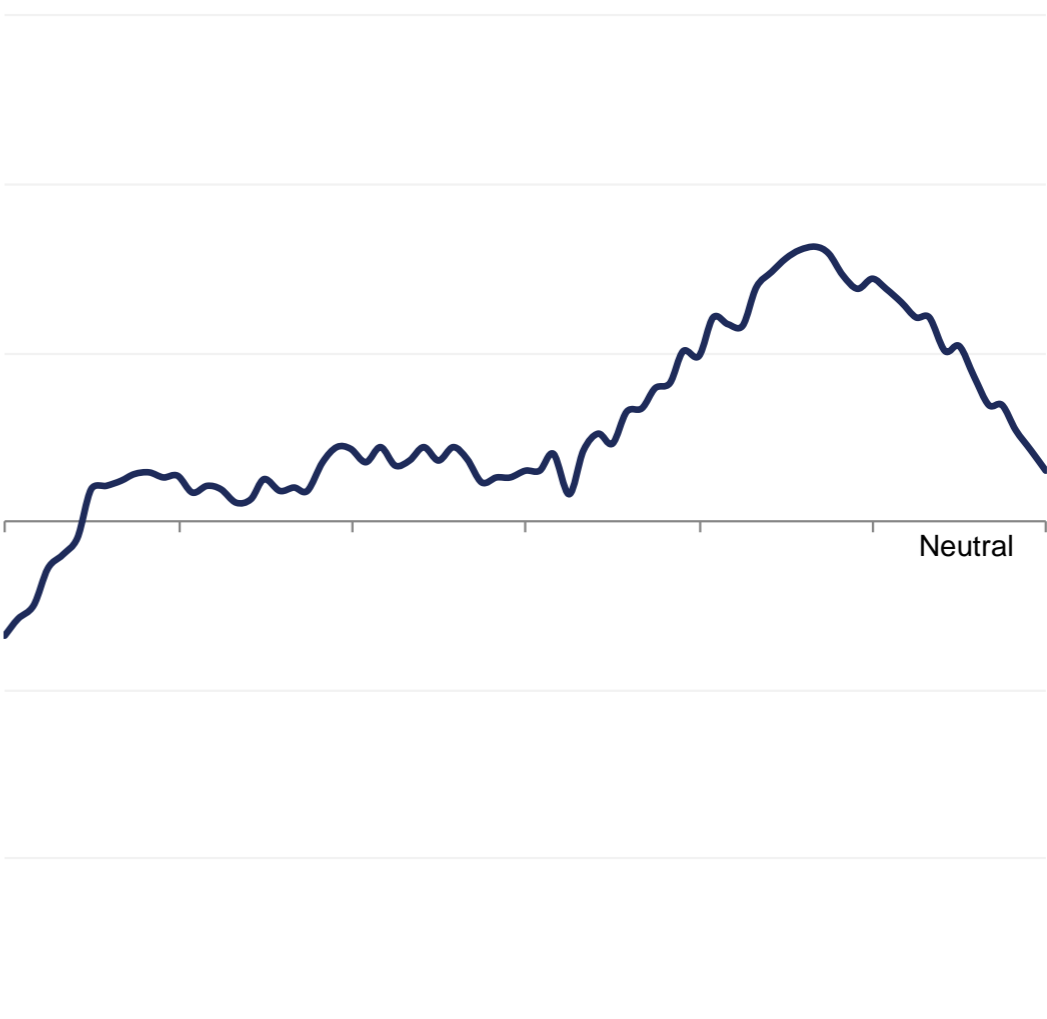
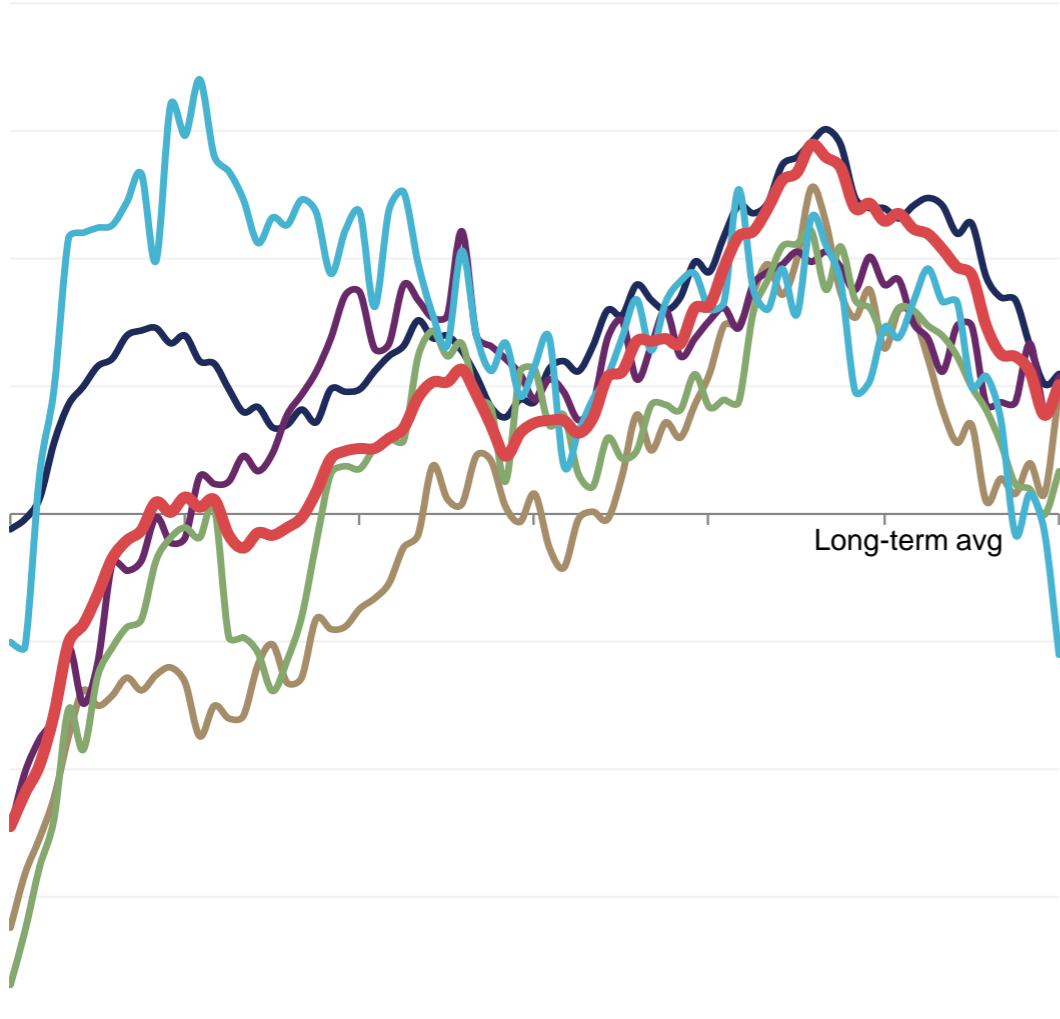
Source: LaSalle (06/19) ONS (03/19) Nationwide (04/19) Building Societies Association (03/19) MSCI (04/19). Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

European Economic Sentiment is Down but Stabilizing on the Continent

UK SENTIMENT HOWEVER IS THE WEAKEST SINCE 2013

Economic sentiment indicator
Monthly index

Eurozone business climate indicator
Monthly index



May 13 May 14 May 15 May 16 May 17 May 18 May 19

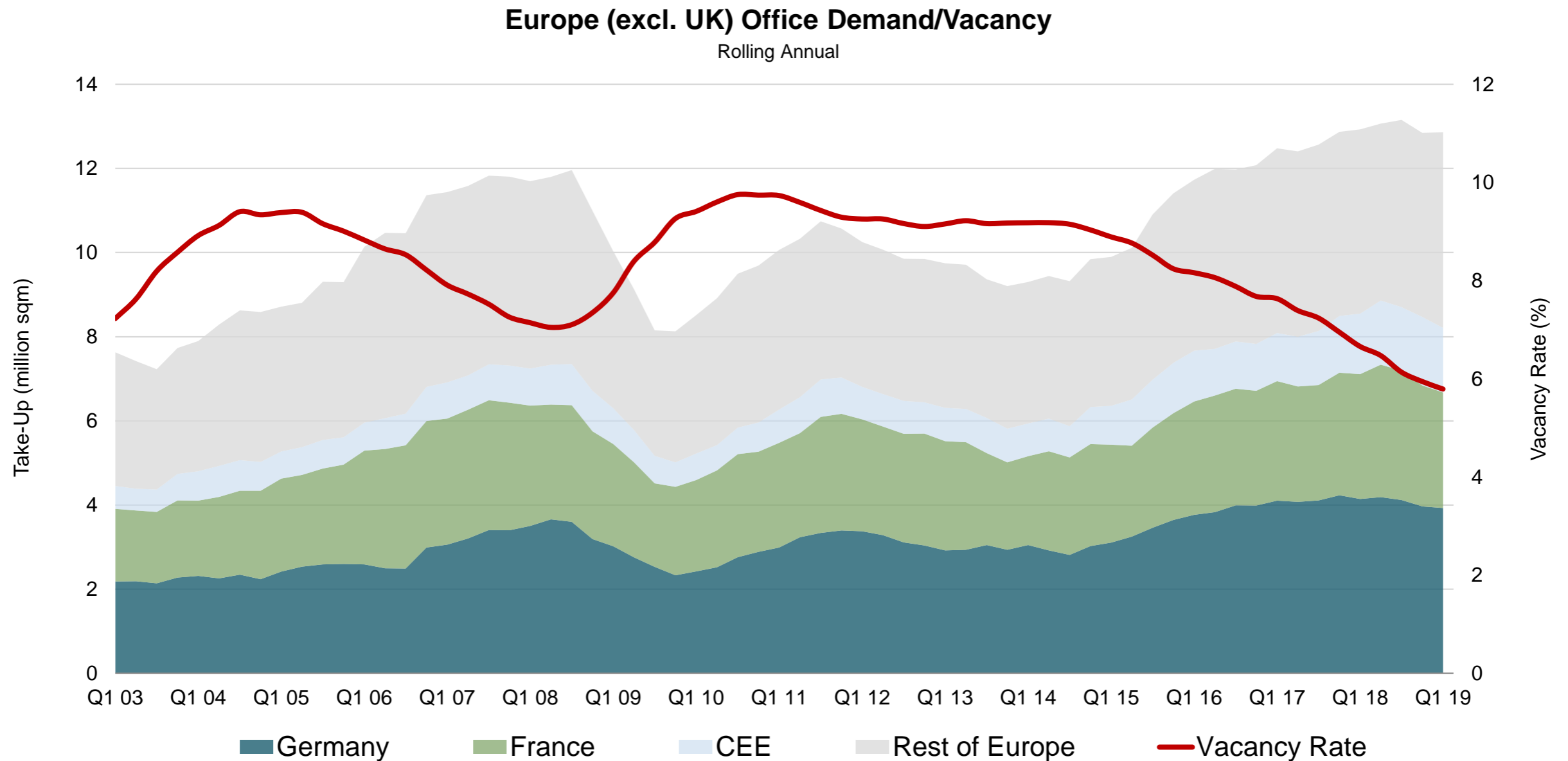
— Germany — France — Spain
— Italy — UK — Eurozone

May 13 May 14 May 15 May 16 May 17 May 18 May 19

Source: Thomson Reuters (05/19), LaSalle (06/19)
The business climate indicator indicates the phase of the business cycle Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Strong Office Demand on the Continent

VACANCY HAS FALLEN BELOW 6.0%, THE LOWEST LEVEL SINCE 2002, DRIVING STRONG RENTAL GROWTH

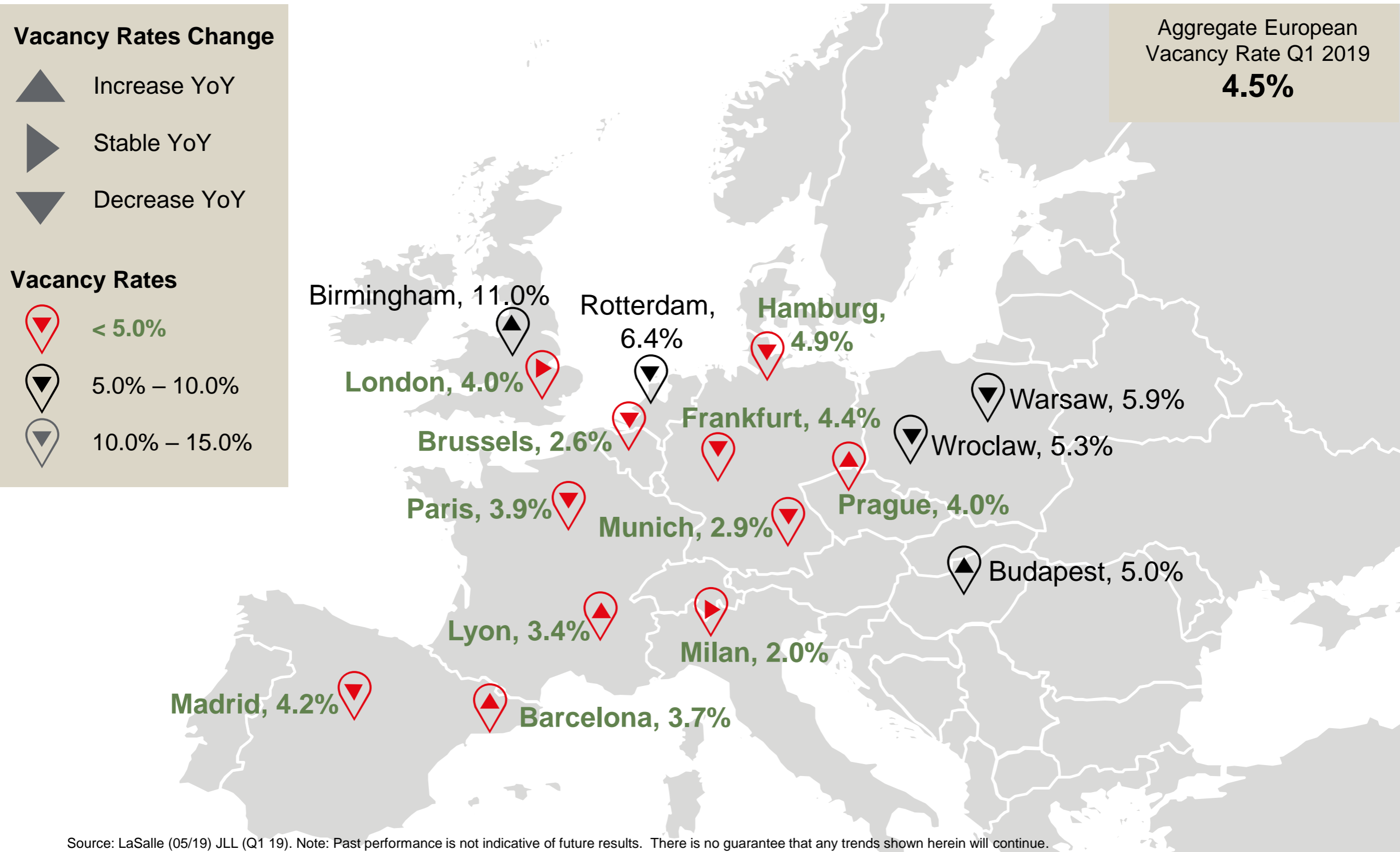


While Germany faced a near recession in late 2018, this slowdown was mainly caused by temporary factors. External headwinds will continue to drag on the economy in 2019, but are not expected to be carried into subsequent years. GDP growth outlook remains modest at 1.0% (y/y) for 2019 but 2020 expected to edge back to 1.5% (y/y)

Source: LaSalle (05/19) JLL (Q1 19). Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Extremely Tight Supply in Core Logistics Markets

RENTAL GROWTH INCREASING AND BECOMING MORE WIDESPREAD, ESPECIALLY FOR URBAN LOGISTICS



Source: LaSalle (05/19) JLL (Q1 19). Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Regional Trends: Asia Pacific

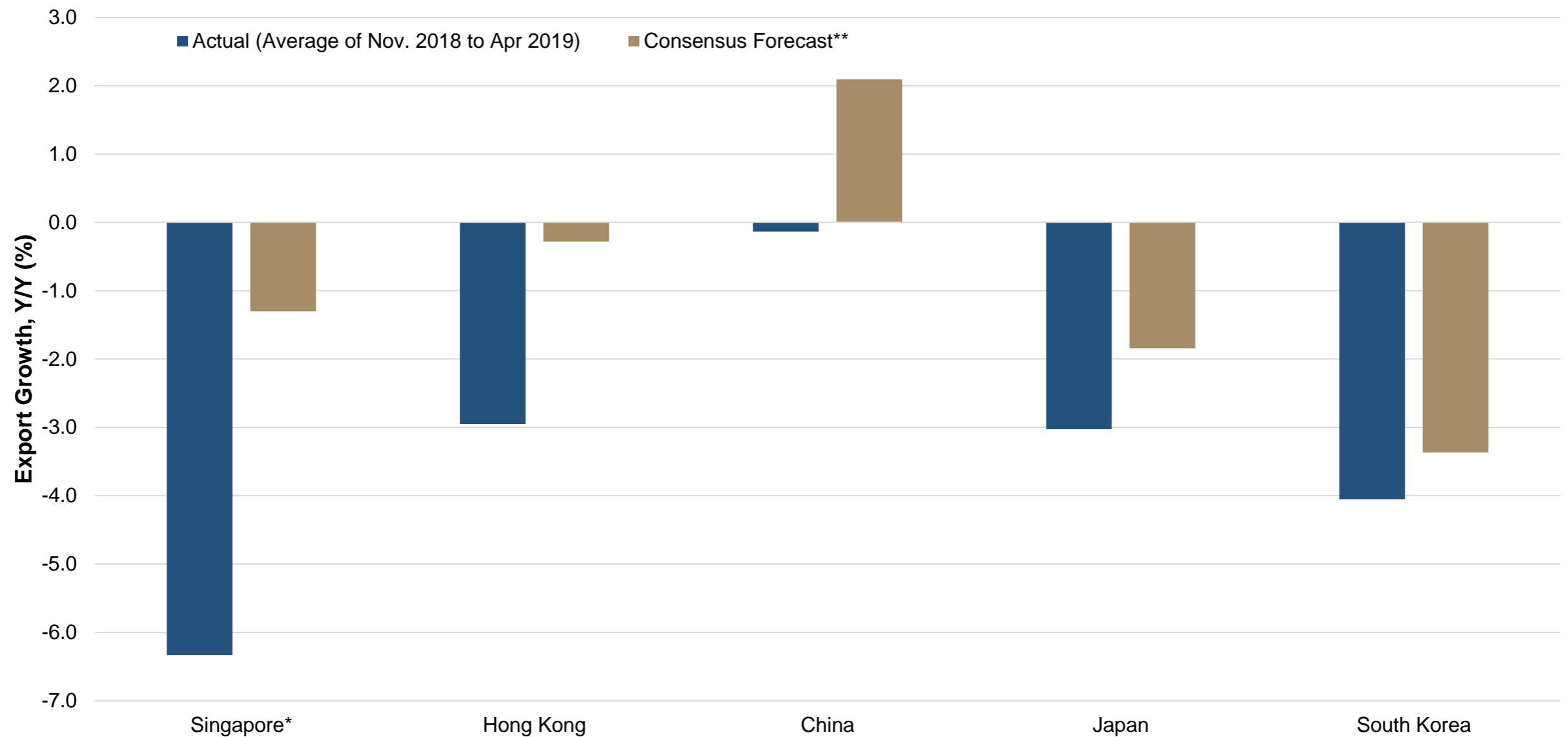


Trade War Damage is Worse Than Expected in Asia-Pacific

EXPORT GROWTH IS BELOW CONSENSUS FORECASTS

Export Growth Consensus Forecast vs. Actual

(reflecting direct and indirect impact on major AP countries when the U.S. imposed 25% tariff on the first \$50bn Chinese exports)



Note:

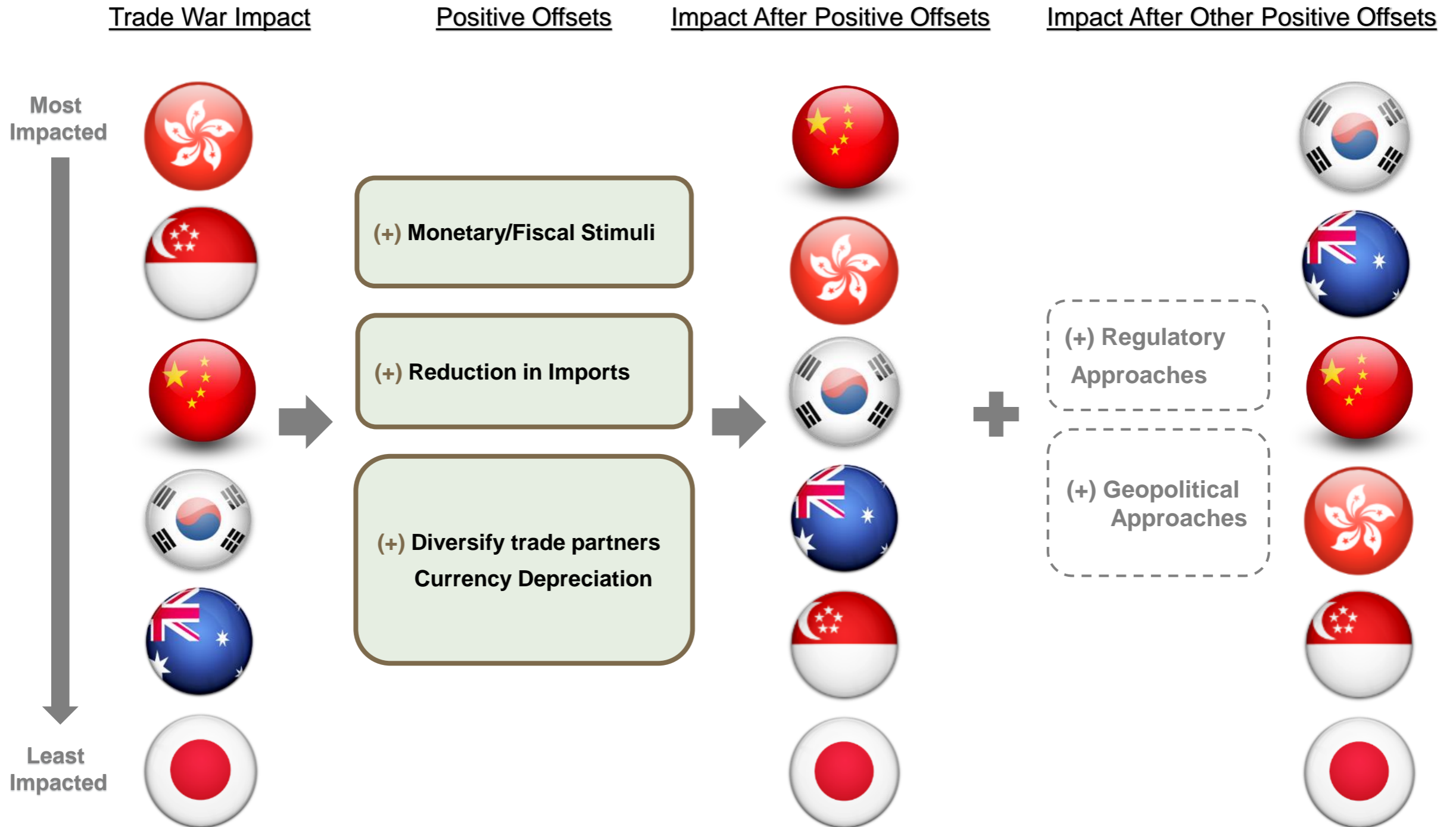
* Singapore export growth, Y/Y is based on the Non-oil Domestic Exports (NODX).

** Bloomberg Consensus Forecast was an average of all forecasts ranging from a month to a day before the release of the actual data.

Source; Bloomberg, as of 6th June 2019 Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Currency Depreciation & Stimulus Partly Offset Export Slowdown

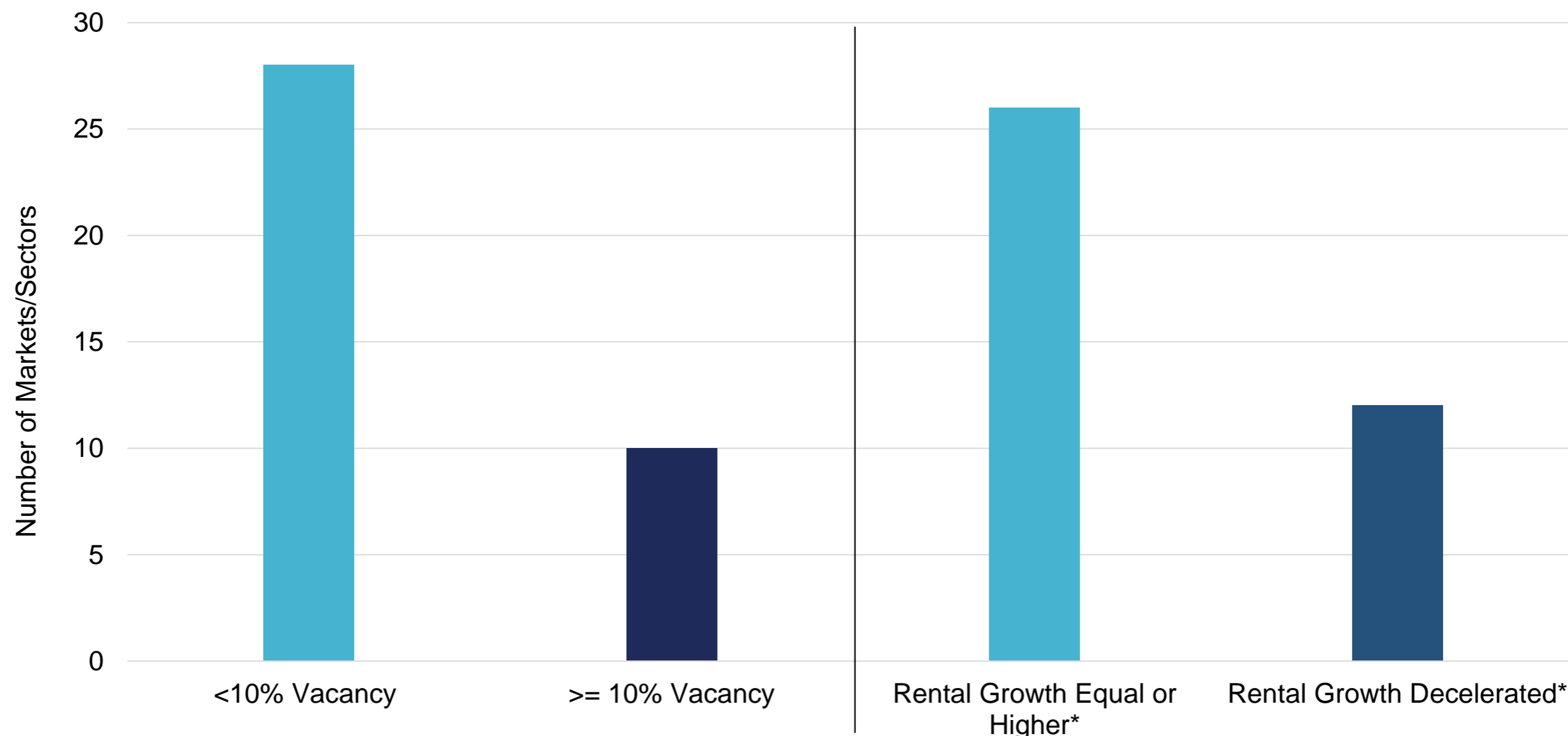
ESTIMATED CUMULATIVE IMPACT OF TARIFFS* ON GDP 2019-2022



*Note: The above analysis is based on the direct and indirect impact of the U.S. imposing 25% tariffs on a total of \$250 billion of Chinese goods, Australia, Hong Kong, Japan, Singapore, and S. Korea's 2018 GDP. Additionally, in Japan, we also assume a 30% reduction on automobile exports to the U.S.
Source: LaSalle Investment Management as June 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Most Asia-Pacific Markets Have Healthy Fundamentals

VACANCY AND RENTAL GROWTH IN ASIA PACIFIC MARKETS/SECTORS



A total of 38 markets/sectors are included in the above analysis. The market coverage as below:

- Office – Sydney CBD, North Sydney, Parramatta, Melbourne CBD, Brisbane CBD & Fringe, Perth CBD, Beijing CBD, Shanghai CBD & Fringe, Hong Kong Central, Hong Kong Kowloon East, Tokyo 5-Ku Grade A and Grade B, Osaka, Singapore CBD, Seoul CBD, Yeouido and Gangnam;
- Retail – regional malls in Brisbane, Sydney, Perth and Melbourne, Prime retail in Beijing, Shanghai, and Hong Kong; Shopping centers in Toyo, suburban malls and Orchard road malls in Singapore;
- Logistics – Beijing, Hong Kong, Shanghai, Tokyo, Osaka and Singapore
- Rental Apartment -- Tokyo Nagoya and Osaka

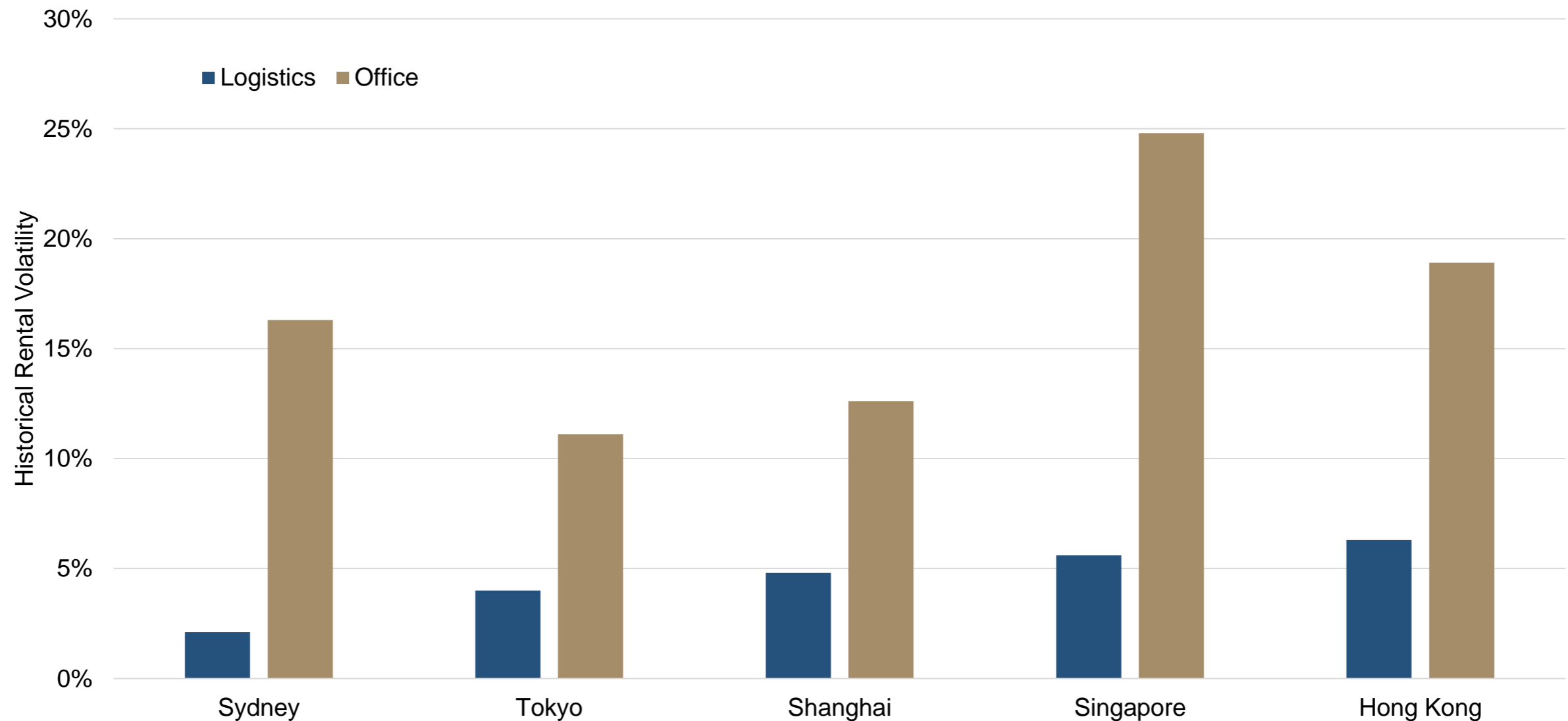
*A markets/sector is categorized as “rental growth equal or higher” if rental growth in Q4 2018 & Q1 2019 is higher or equal to the same period a year ago. A markets/sector is categorized as “rental growth decelerated” if rental growth in Q4 2018 & Q1 2019 is lower than a year ago.

Source: Data for Japan rental apartment and shopping centres in Tokyo are sourced from ARES as of Q1 2019. Data for Japan logistics is sourced from CBRE, as of Q1 2019, The rest of the data is sourced from Jones Lang LaSalle REIS, LaSalle Investment Management, as of Q1 2019. Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Asia-Pacific Logistics Rents are Less Volatile than Office Rents

CONTINUE TO FAVOR LOGISTICS

Historical Rental Volatility of Logistics and Office Sectors by Market



Note:

Historical rental volatility is measured by the standard deviation of the annual rental growth of the respective markets from Q4 2007 to Q1 2019. The analysis is based on net effective rents (excluding all property expenses, taxes and incentives) with the exception of Sydney and Melbourne, where rents exclude all property expenses, taxes but not incentives.

Logistics sector: Shanghai non-bonded warehouse, Hong Kong warehouse, Singapore logistics, Sydney Outer Central West precinct logistics, Seoul logistics and Tokyo logistics.

Office sector: Shanghai CBD, Hong Kong Central, Singapore CBD, Tokyo Central 3 wards, Sydney CBD, and Seoul CBD.

Source: Jones Lang LaSalle REIS, CBRE, LaSalle Investment Management, as of Q1 2019

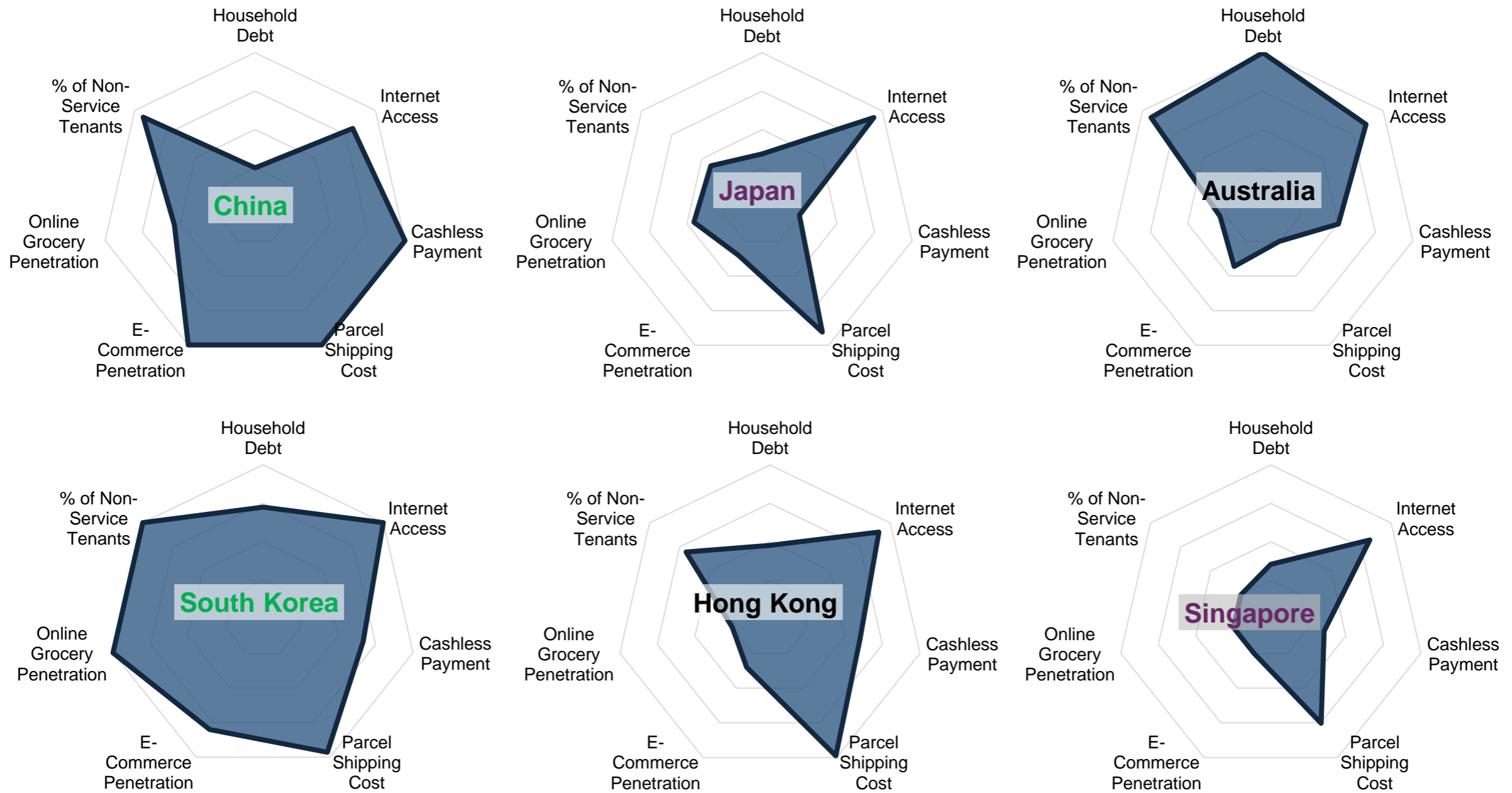
Past performances is not a guarantee of future results. No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results.

Asia-Pacific Logistics and Retail: Opportunity vs. Threat

SELECTIVE RETAIL PROPERTIES IN JAPAN AND SINGAPORE ARE RESILIENT

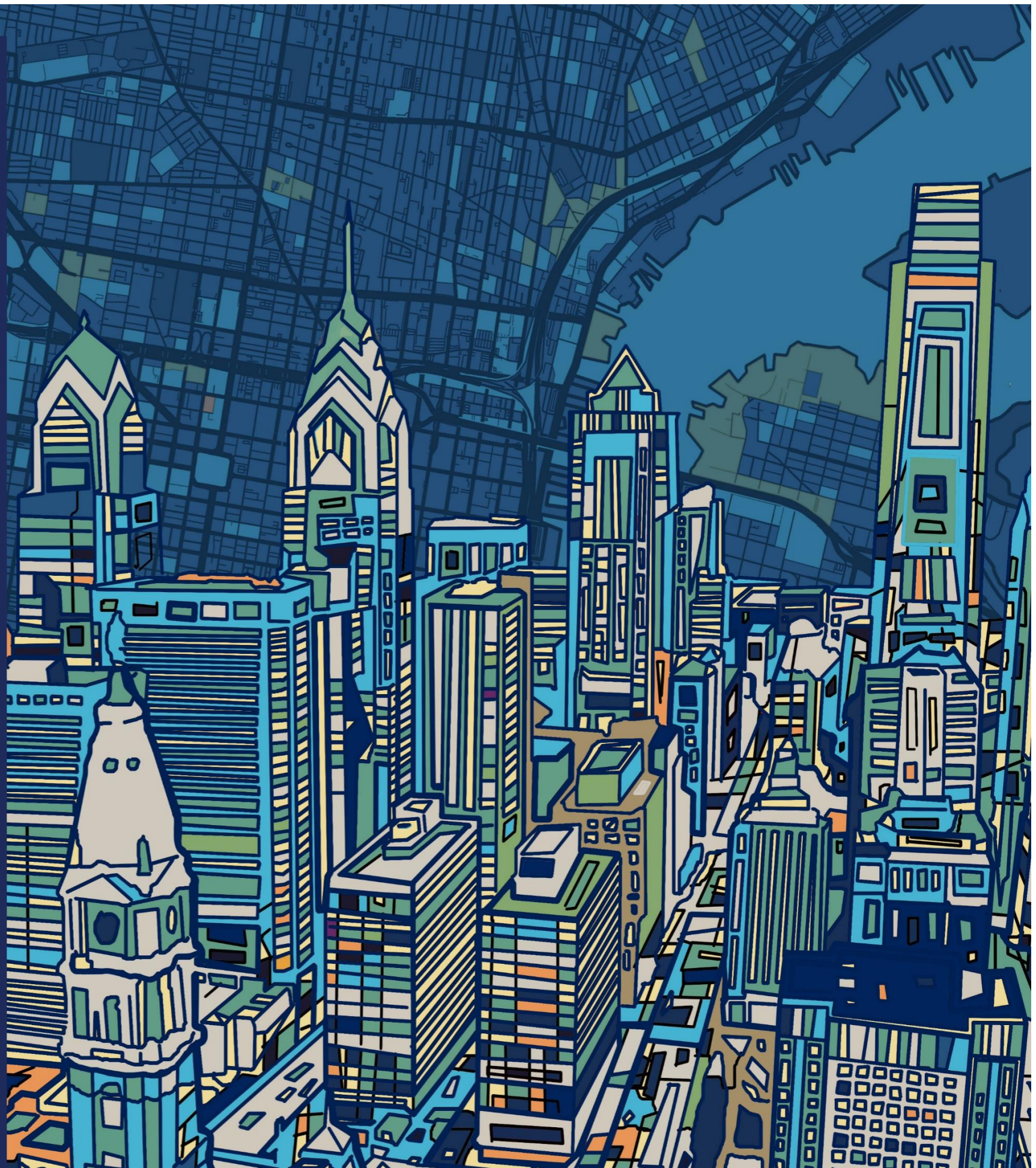
E-Commerce Threat / Opportunity

[the larger the shaded area is, the more adverse impact on bricks-and-mortar retail, but the better the opportunity for logistics]



Note: Shipping cost is based on the price of sending a package via local express shipping around the globe. The study uses 'Express Shipping' defined as within 1-2 business days or less in all cases, assuming that an e-commerce business would want to stay competitive with their customers who are used to fast, often next-day delivery. For the purpose of this study, a standard package is defined as 46cm (L), x 31.5cm (W) x 9.5cm (H) with a weight of 2kg. Online Grocery based on % on online FMCG sales to the total FMCG. Source: Bank of International Settlement (Household Debt, Cashless Payment), The World Bank, International Telecommunication Union, World Telecommunication/ICT Development Report (E-commerce access data is proxy by internet penetration rates), Sellics Global Shipping Price Index 2018 (Shipping Cost for all markets except for Hong Kong and Singapore), Singapore Post (Singapore Shipping Cost), Hong Kong Post (Hong Kong Shipping Cost), Urbis Shopping Centre Benchmark (Australia % of Non-Services in Malls), Japan Council of Shopping Centre (Japan % of Non-Services in Malls), JLL (South Korea % of Non-Services in Malls), CMT REIT (Singapore % of Non-Services in Malls), LIMS based on Chinese Developers (China % of Non-Services in Malls), Link REIT (Hong Kong % of Non-Services in Malls), Kantar Worldpanel (Online grocery for all markets except Australia and Singapore), AC Nelson (Online grocery for Australia and Singapore). Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

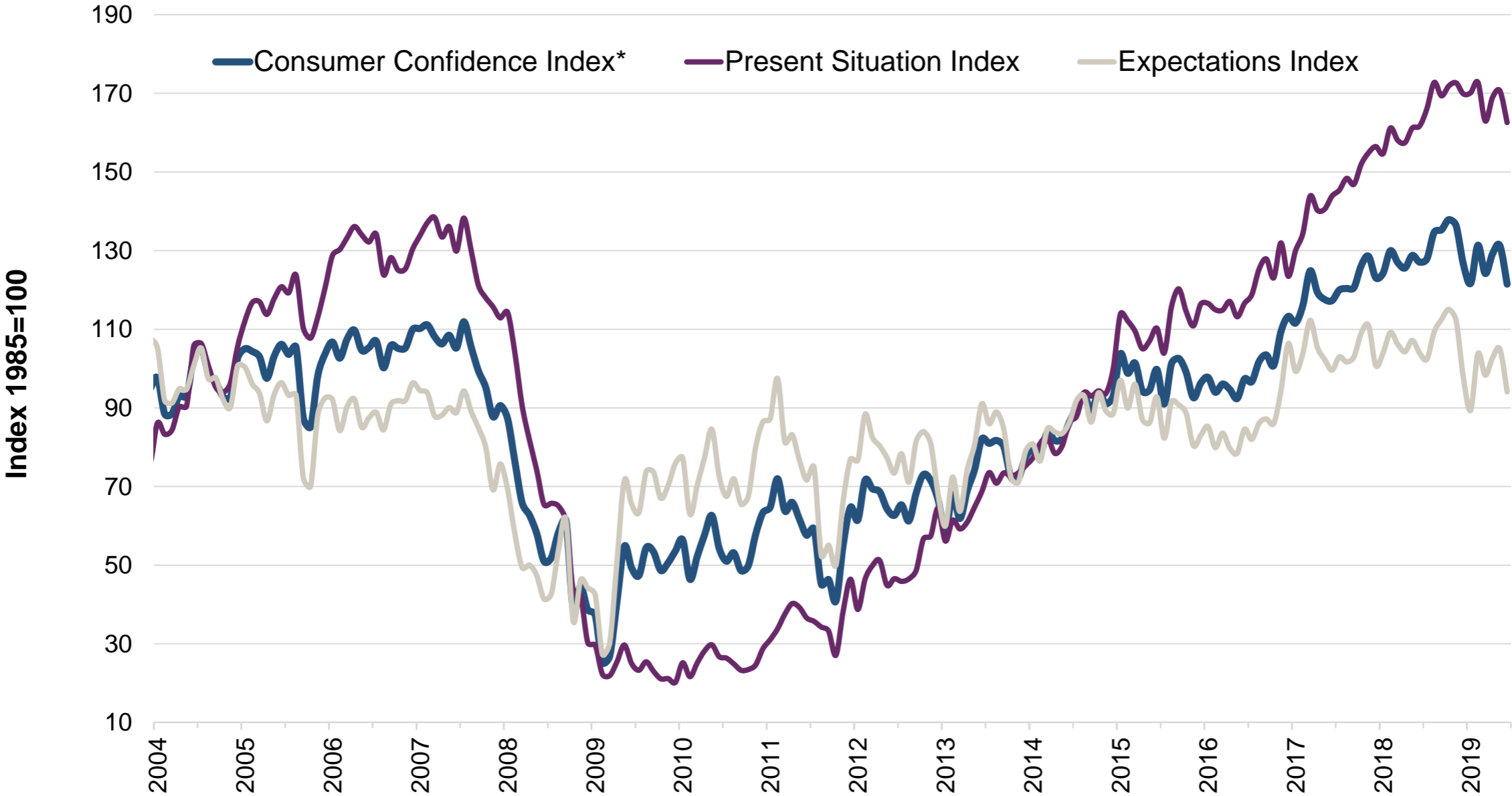
Regional Trends: Americas



US Consumer Confidence Retreats in June

AMERICAN ECONOMY HAS BEEN MORE INSULATED FROM TRADE WAR TO DATE

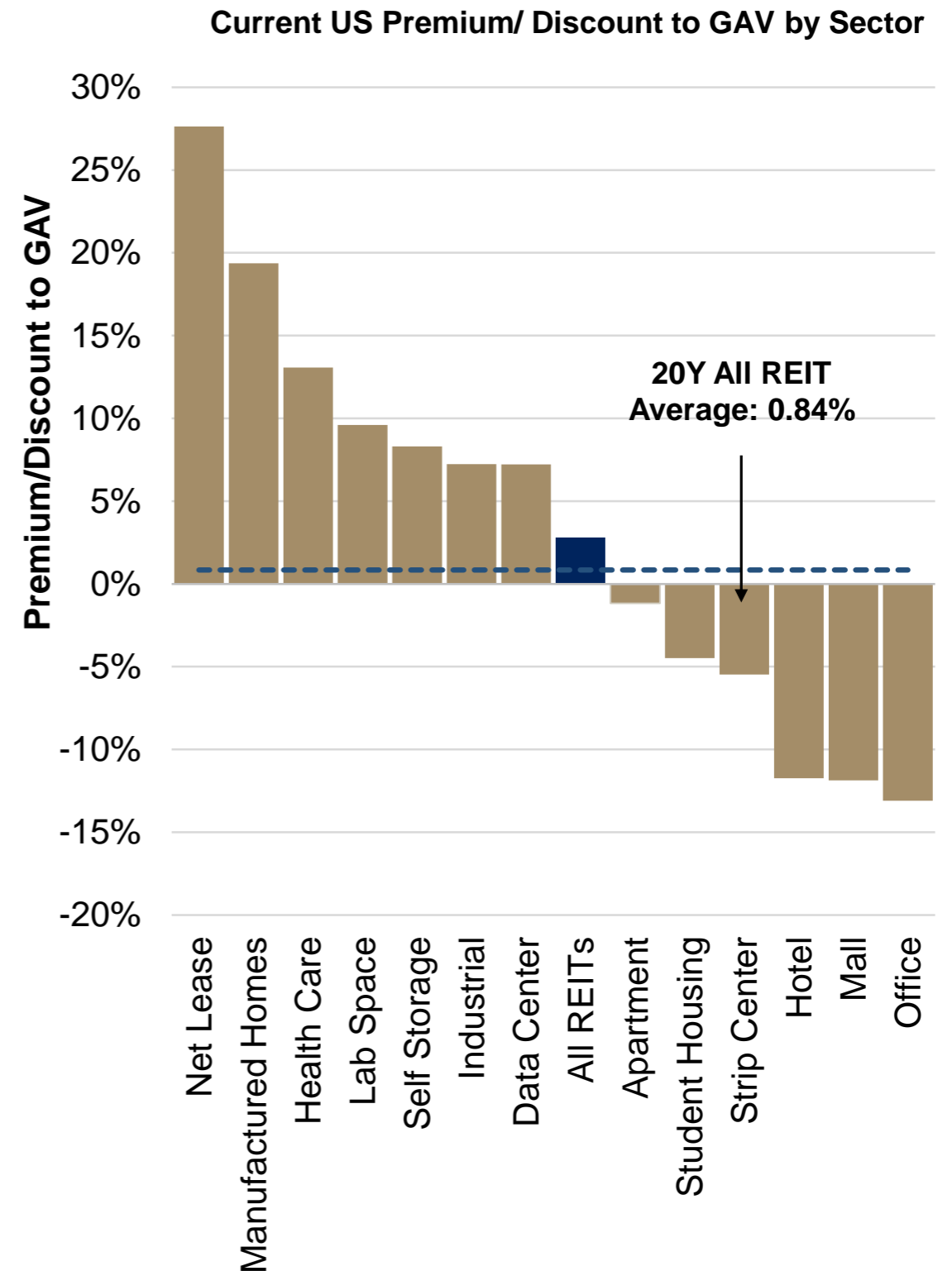
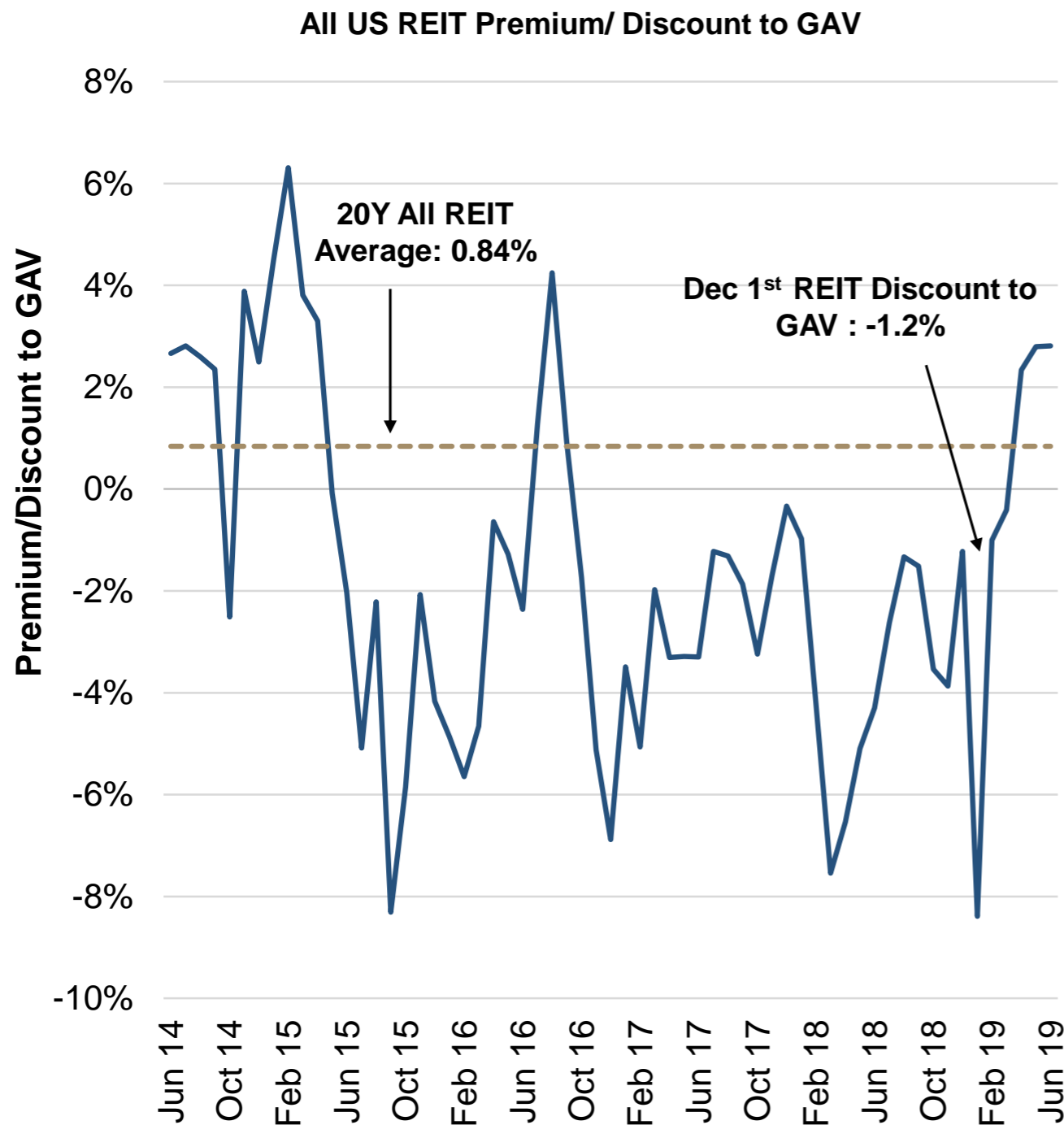
Conference Board Consumer Confidence



* Conference Board Consumer Confidence Index is based on equal weighted average of two Present Situation-related indexes and three Expectations-related indexes.
Source: Conference Board, Economy.com. Data through June 2019. Latest as of 27 June 2019.
Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

US Listed REITs Rebound to Price at Premium to GAV

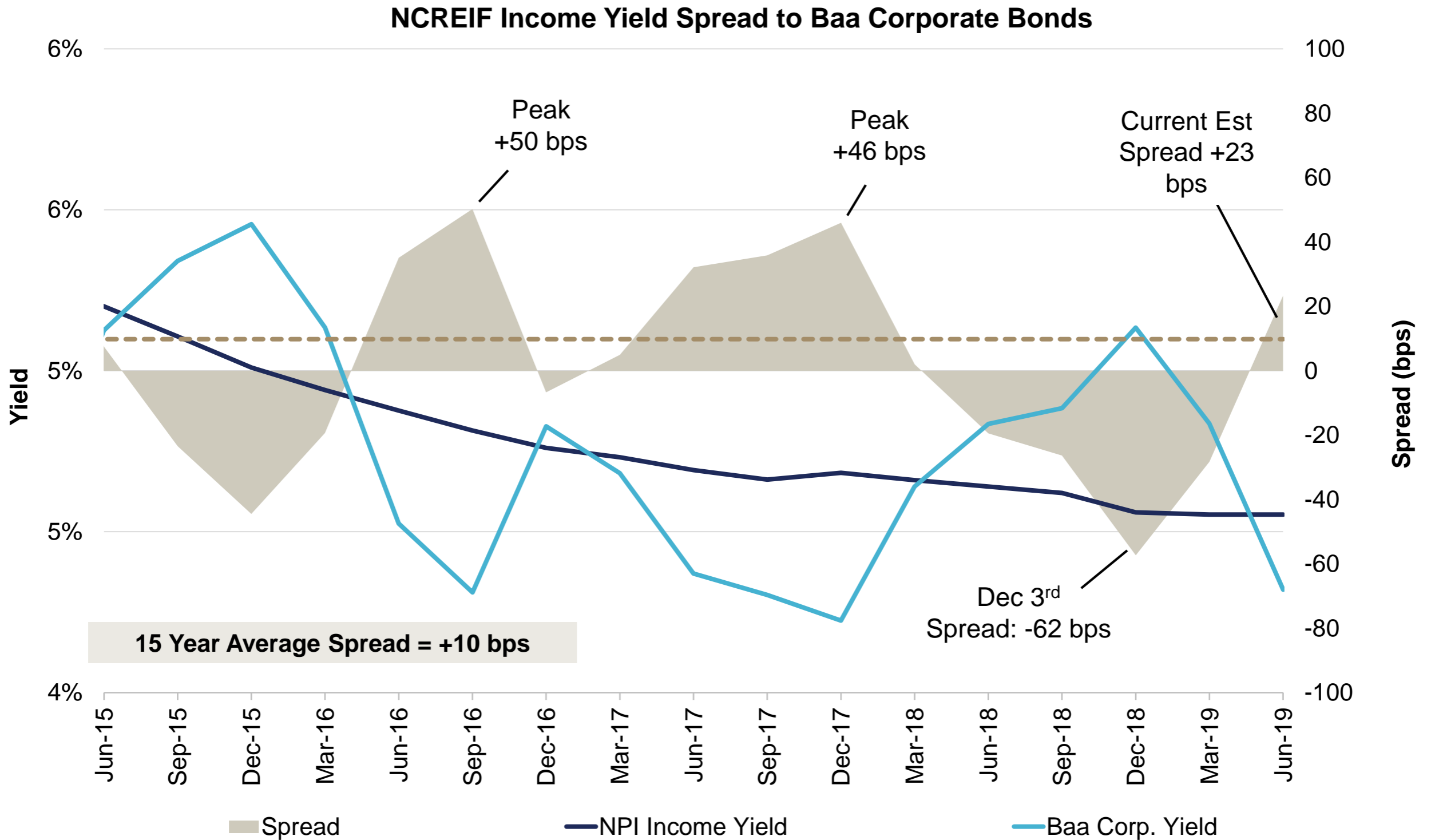
NICHE REIT SECTORS CONTINUE TO OUTPERFORM CORE TYPES, EXPECT FOR INDUSTRIAL



Source: Green Street Advisors. Data through June 1, 2019. Latest data as of June 27, 2019.
 Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

US Real Estate Spread to Corporate Bonds Has Widened

NOW SLIGHTLY ABOVE LONG TERM AVERAGE AND IN THE FAIR VALUE RANGE

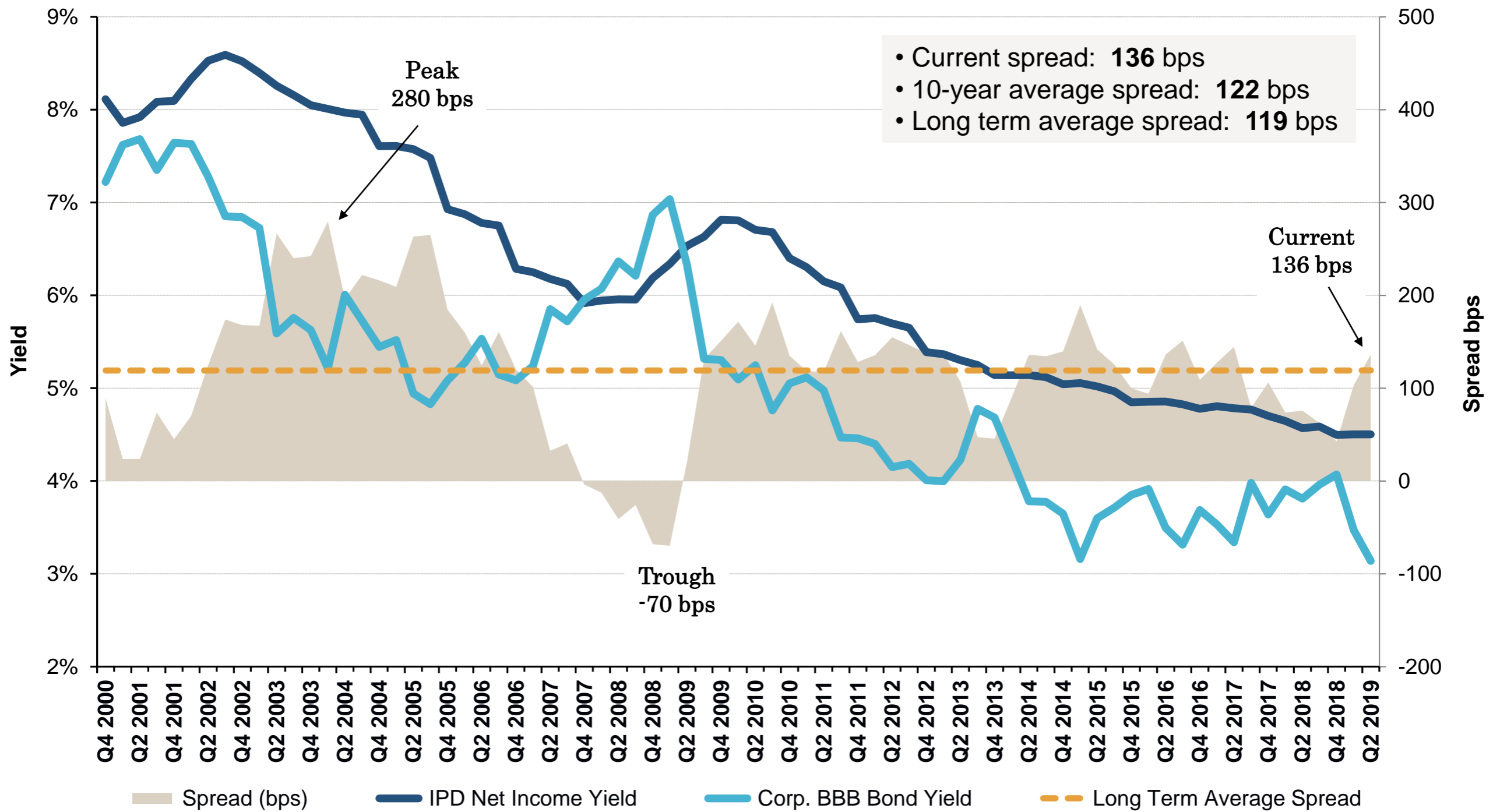


Source: NCREIF, LaSalle Investment Management, Moody's Economy.com
 Baa Yields as of June 27, 2019, NCREIF data through 1Q 2019.
 Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

Canada's Real Estate Spread to BBB Corporate Bonds

SPREAD RISES IN 2Q19 AS BBB YIELD FALLS

MSCI Canada Property Index Net Income Yield vs. Canada BBB Corporate Bond Yield



Sources: Bloomberg, MSCI, LaSalle Investment Management

Note: Past performance is not indicative of future results. There is no guarantee that any trends shown herein will continue.

BBB yield at June 26/19. MSCI Canada Property Index income yield at 1Q19

LaSalle Global Research and Strategy

Jacques Gordon

Global Strategist

Chicago

+1 312 897 4200

jacques.gordon@lasalle.com

Bill Maher

Head of North America Strategy

Chicago

+1 410 878 4822

bill.maher@lasalle.com

Mahdi Mokrane

Head of European Research & Strategy

London

+44 207 852 4605

mahdi.mokrane@lasalle.com

Elysia Tse

Head of Asia Pacific Strategy

Singapore

+65 6494 3599

elysia.tse@lasalle.com

Rich Kleinman

Director, US Research & Strategy

Chicago

+1 312 897 4025

richard.kleinman@lasalle.com

Simon Marx

Investment Strategist /
Managing Director – UK

London

+44 207 852 4492

simon.marx@lasalle.com

Chris Langstaff

Senior Vice President

Toronto

+1 416 304 6018

chris.langstaff@lasalle.com

Daniel Mahoney

Senior Vice President

Chicago

+1 312 897 4023

daniel.mahoney@lasalle.com

Manuel Zapata

Managing Director

Mexico City

+52 55 5980 8090

manuel.zapata@lasalle.com

Zuhaib Butt

Associate Strategist

London

+44 207 852 4066

zuhaib.butt@lasalle.com

Yasuo Kono

National Director

Tokyo

813 6880 2861

yasuo.kono@lasalle.com

Simone Caschili

Eduardo Gorab

Tobias Lindqvist

Katie Taylor

Elton Li

Chris Psaras

Dominic Silman

Jake Fansler

Ryan Daily

Frances Osei-Bonsu

Makoto Sakuma

Dennis Wong

Sabrina Zimmermann

Kyle Terry

Macro Deck Editors and Contributors this Month:

Daniel Mahoney, Zuhaib Butt, Frances Osei-Bonsu, Simon Marx, Elysia Tse, Katie Taylor, Sabrina Zimmermann, Mary Burke, Joe Oslawski

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