
In Recovery Comes Opportunity

A Focus on the 2022 Global Property Markets and Sectors

02 DECEMBER 2021

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Today's Speakers



MICHAEL ACTON

AEW Research, U.S.



HANS VRENSEN

AEW Research, Europe



GLYN NELSON

AEW Research, Asia Pacific

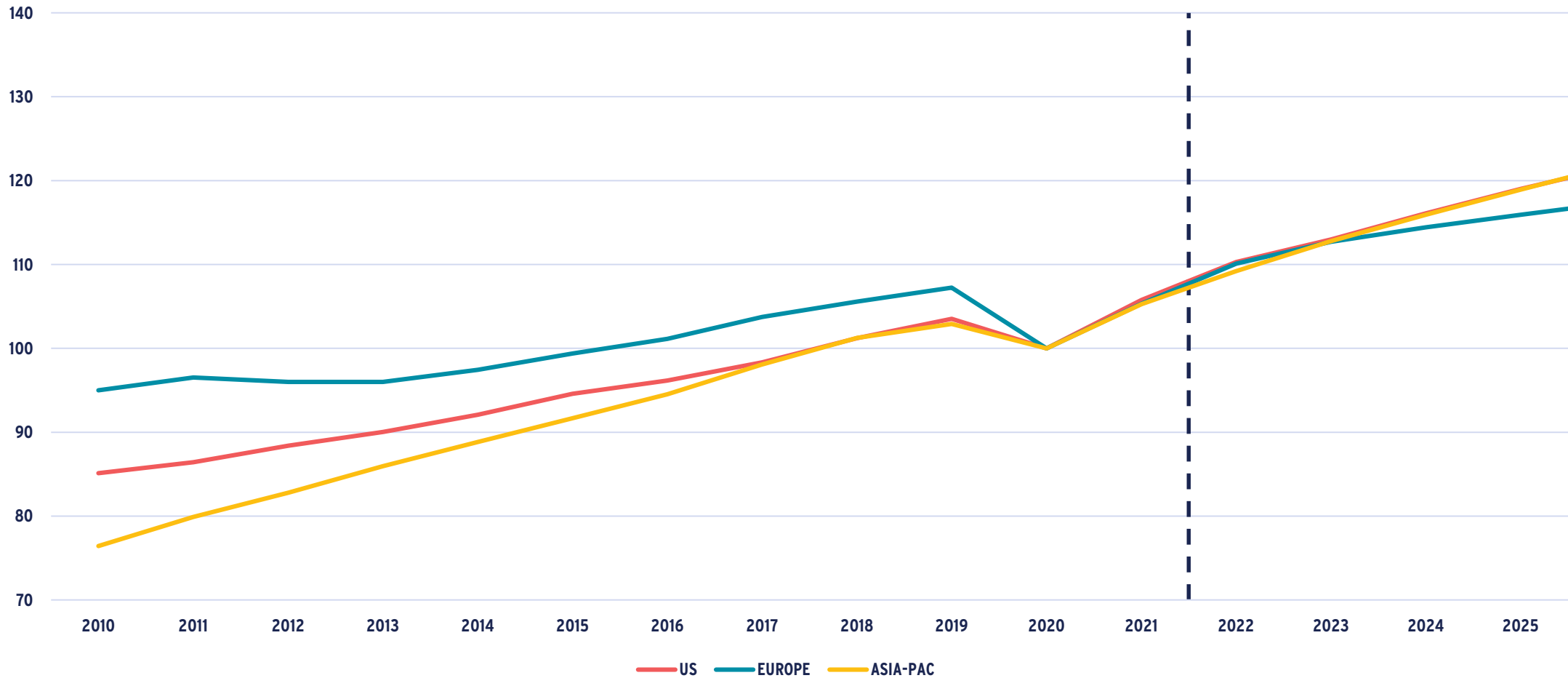
SECTION I

Economic Backdrop

2021 OUTLOOK

Europe Expected to Lag Longer-Term

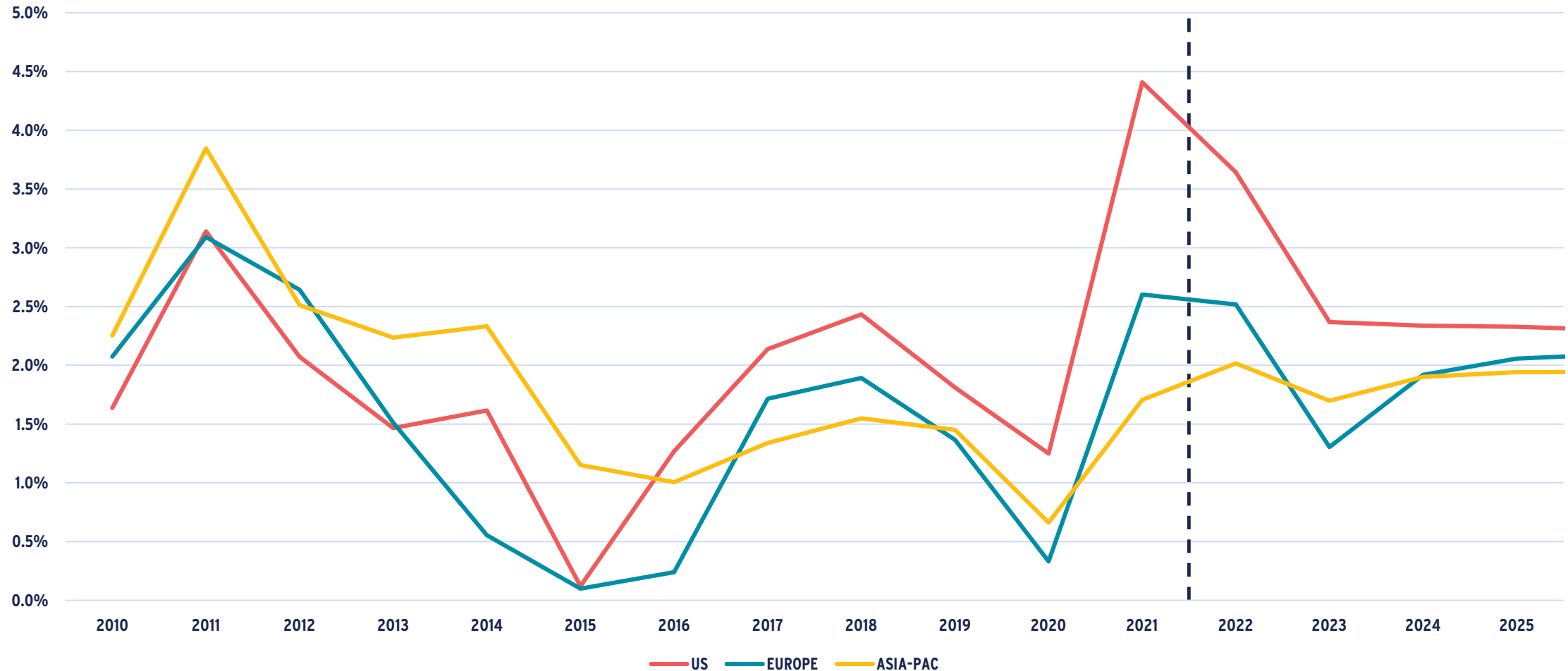
REAL GDP, INDEX 2020 = 100



2021 OUTLOOK

Elevated Near-Term Inflation Risk in U.S.

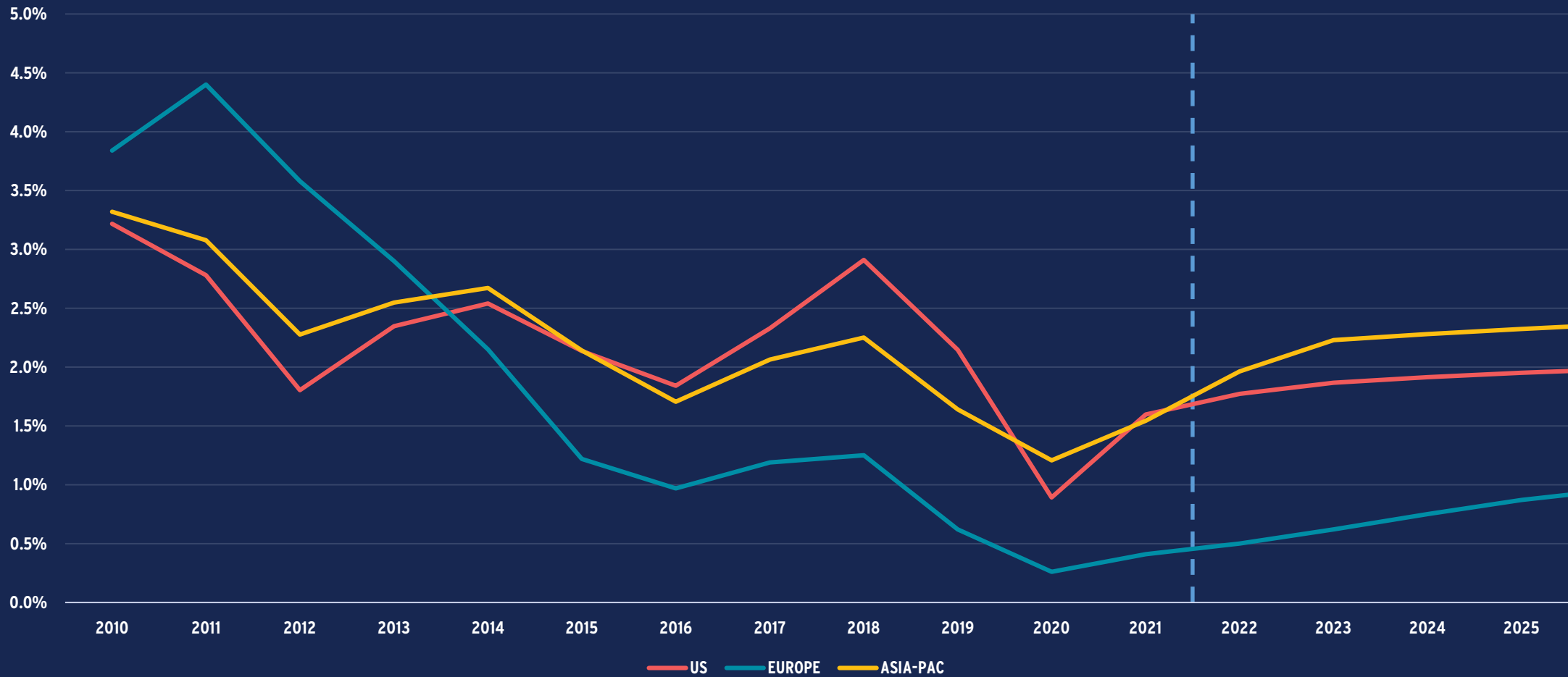
YEAR-OVER-YEAR PERCENT CHANGE IN CONSUMER PRICES



2021 OUTLOOK

Zero or Negative Real Yields for Another Decade?

SOVEREIGN BOND YIELDS

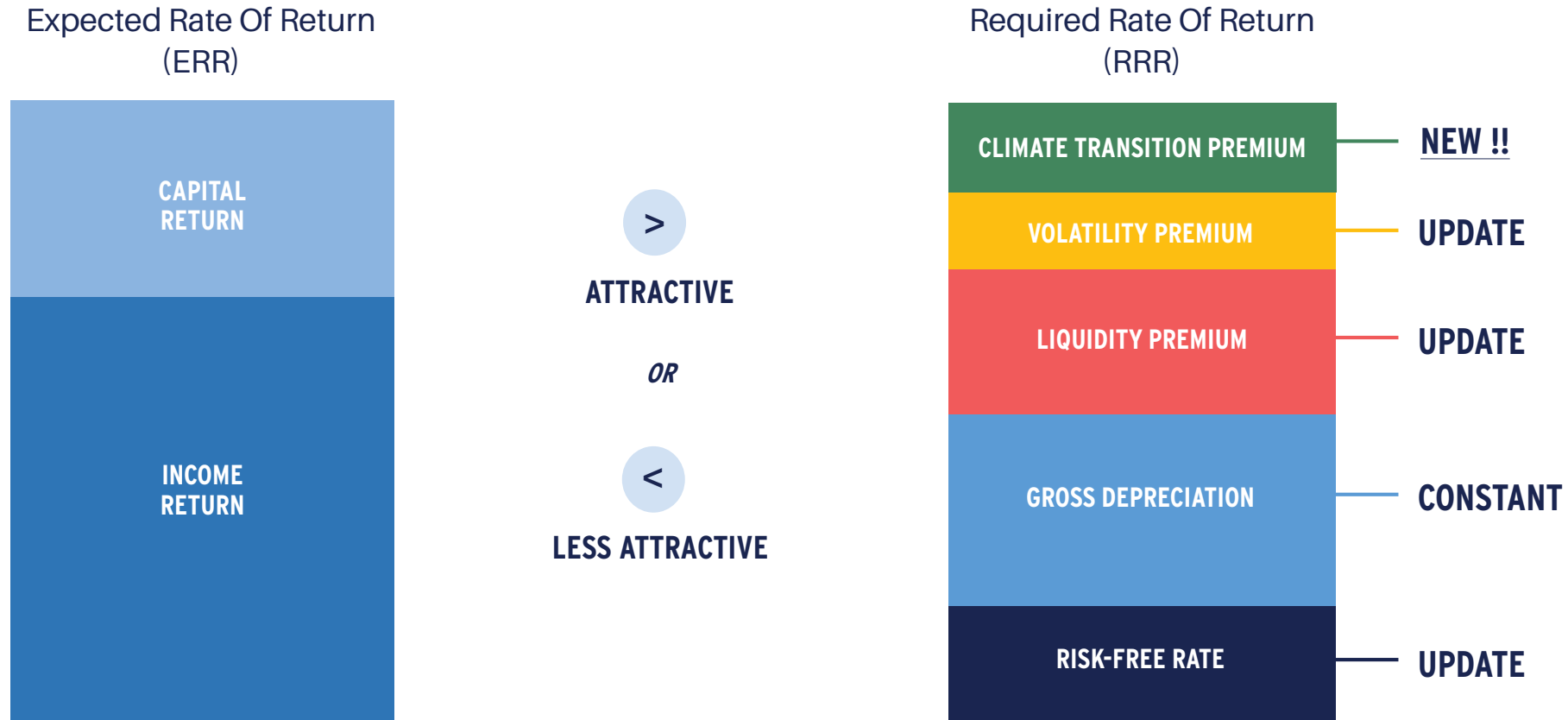


SECTION II

Risk Adjusted Approach

2021 OUTLOOK

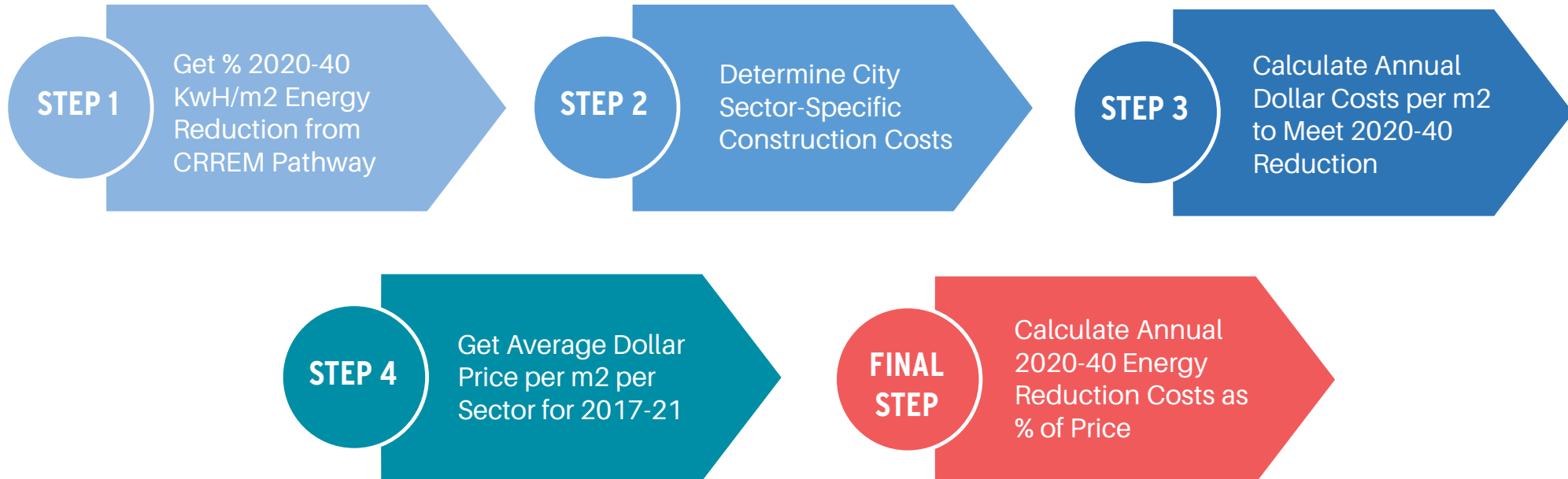
Risk-Adjusted Return Methodology



2021 OUTLOOK

Approach for Climate Transition Premium

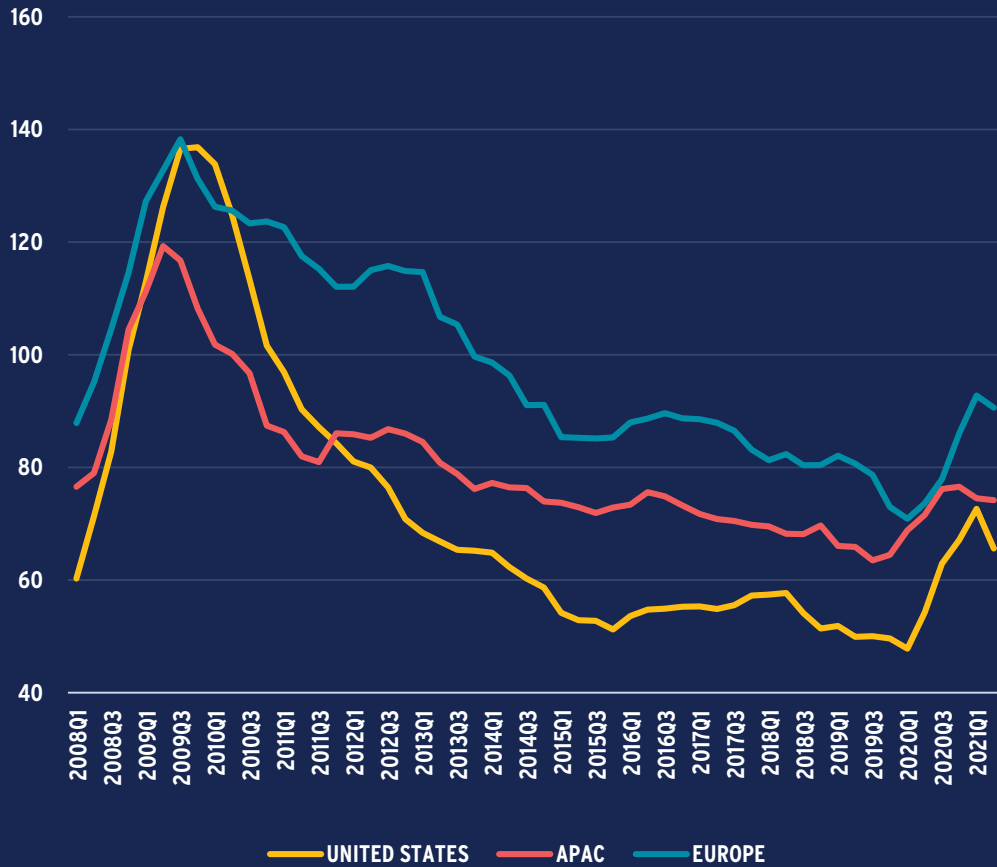
FIVE STEPS TO CALCULATE ENERGY INTENSITY REDUCTION COSTS



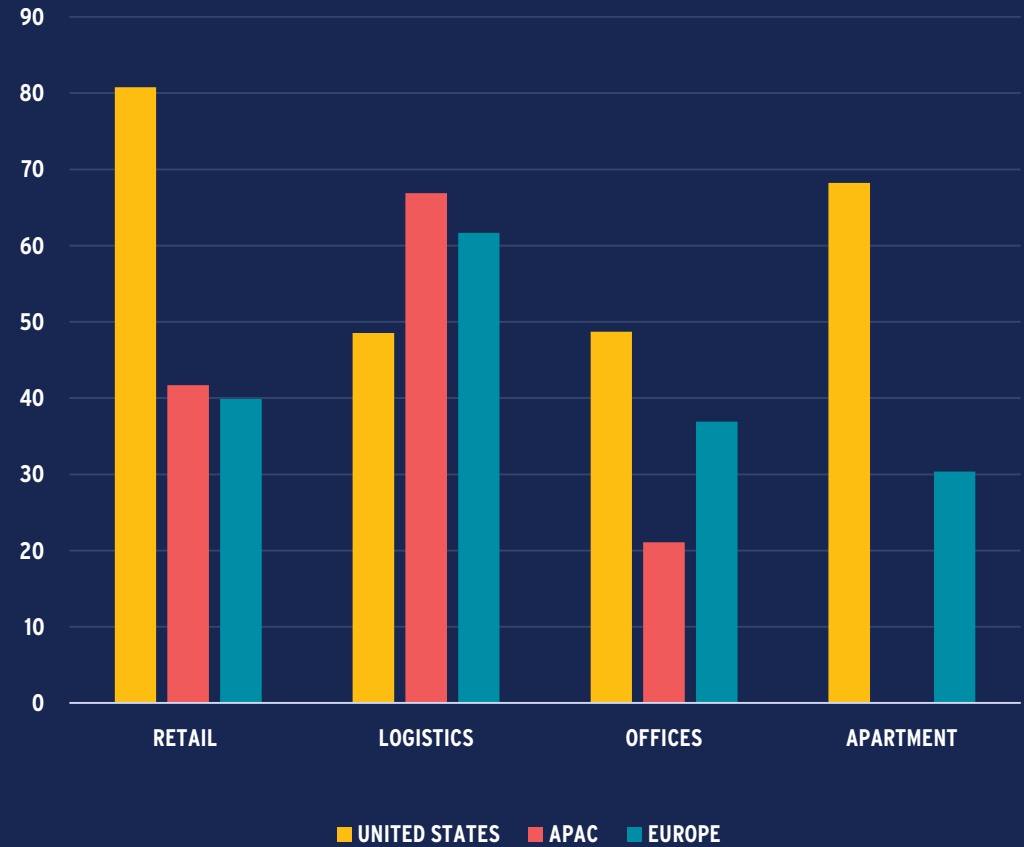
2021 OUTLOOK

Liquidity Up & New Climate Transition Premium

EVOLUTION OF LIQUIDITY PREMIUM BY REGION OVER TIME



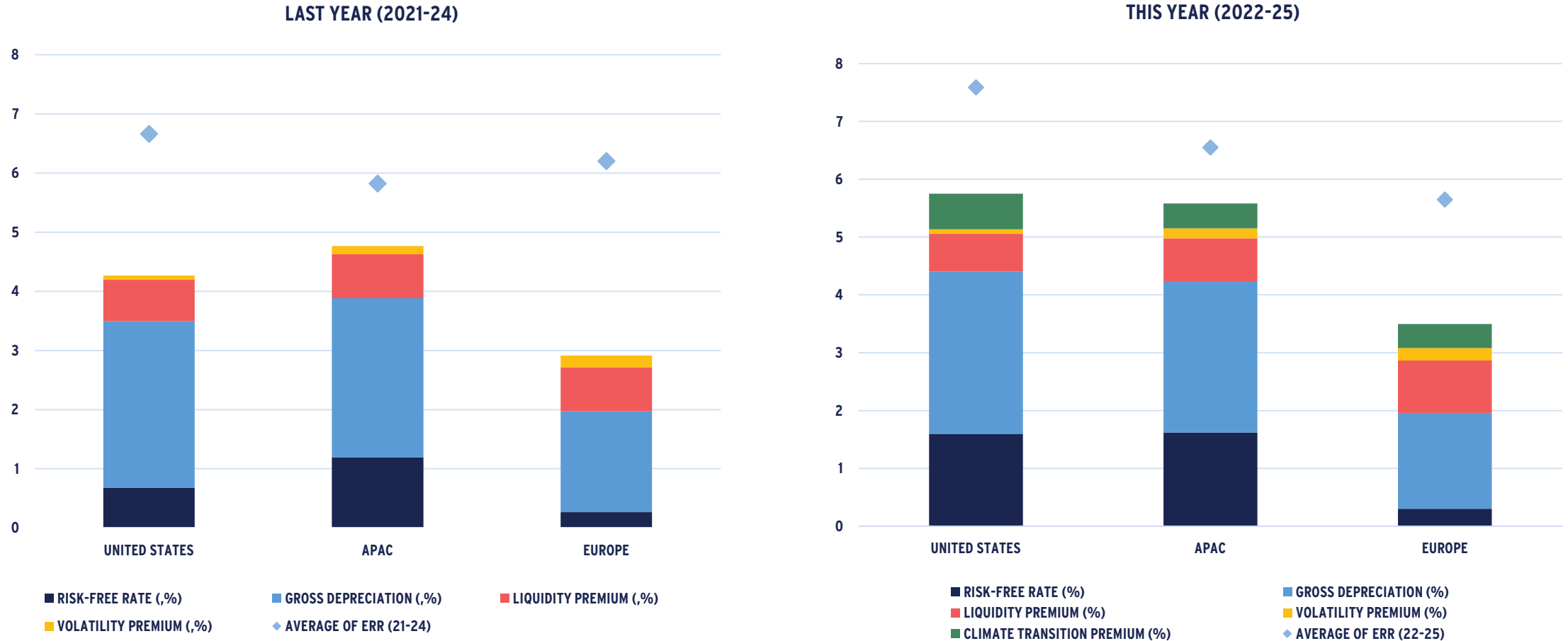
CLIMATE TRANSITION PREMIUM BY REGION (2021)



2021 OUTLOOK

Both ERR & RRR Move up from Last Year

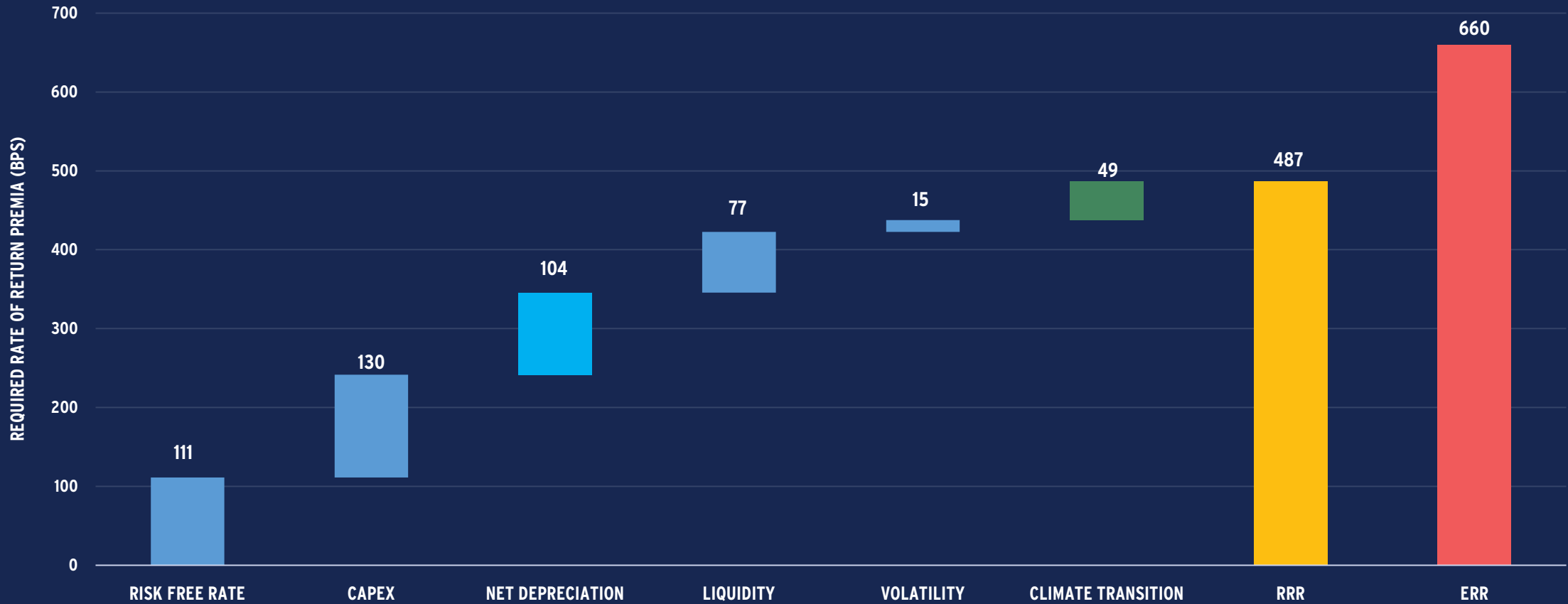
COMPOSITION OF ALL-PROPERTY AVERAGE REQUIRED & EXPECTED RATES OF RETURN (%)



2021 OUTLOOK

Risk-Adjusted Return Framework - Global

REQUIRED (RRR) VS EXPECTED RATE OF RETURN (ERR) INCLUDING THE TRANSITION RISK PREMIUMS - ALL PROPERTY AVERAGE



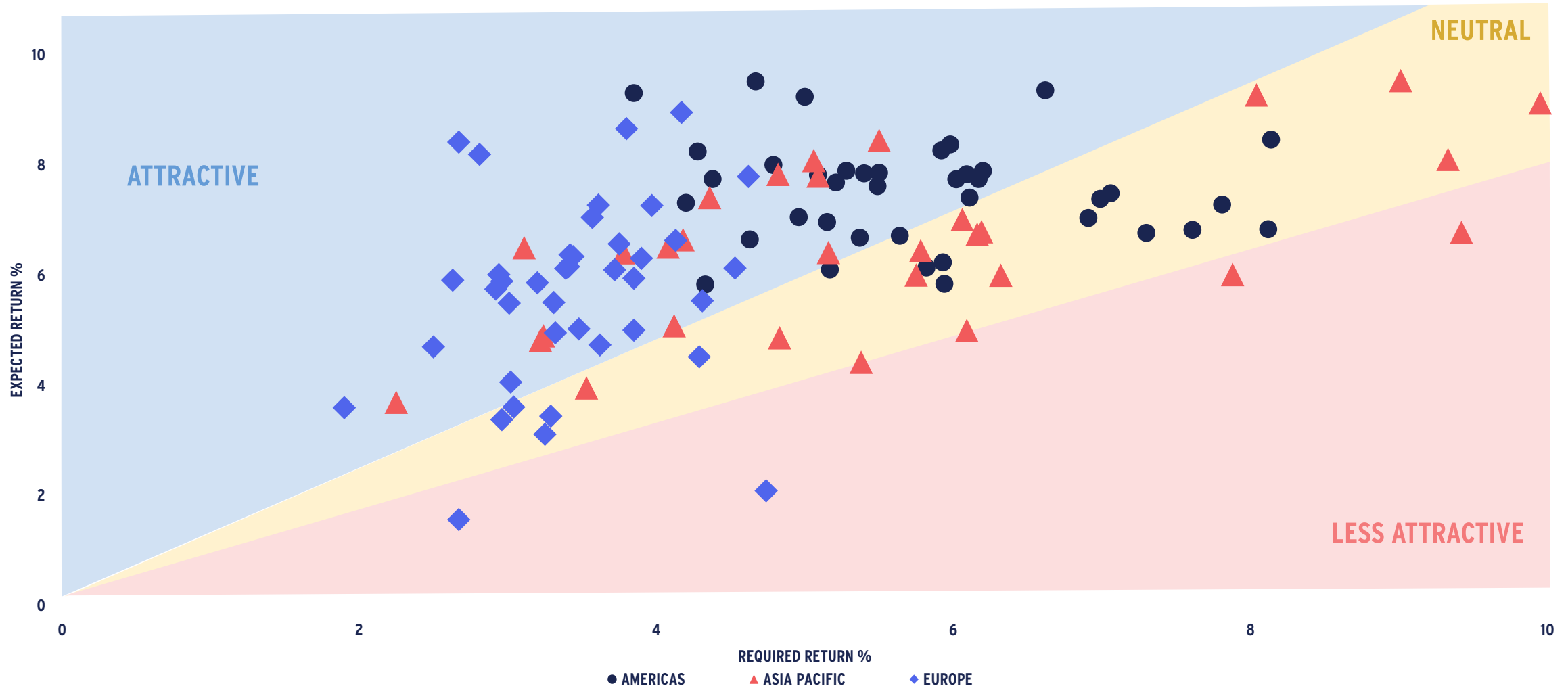
SECTION III

Relative Value Views

2021 OUTLOOK

Global Markets Attractiveness Remains

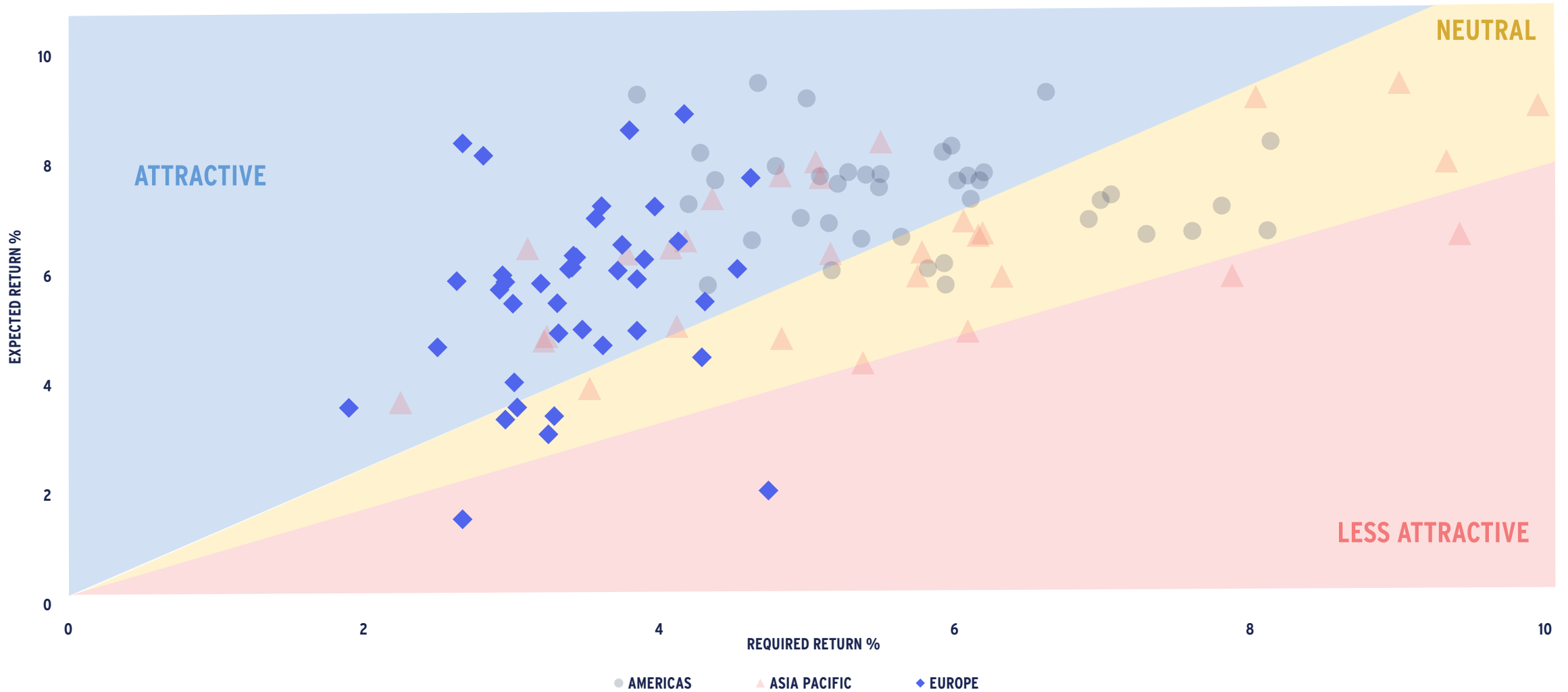
2022-2025 EXPECTED VS. REQUIRED RETURNS



2021 OUTLOOK

Global Markets Attractiveness Remains

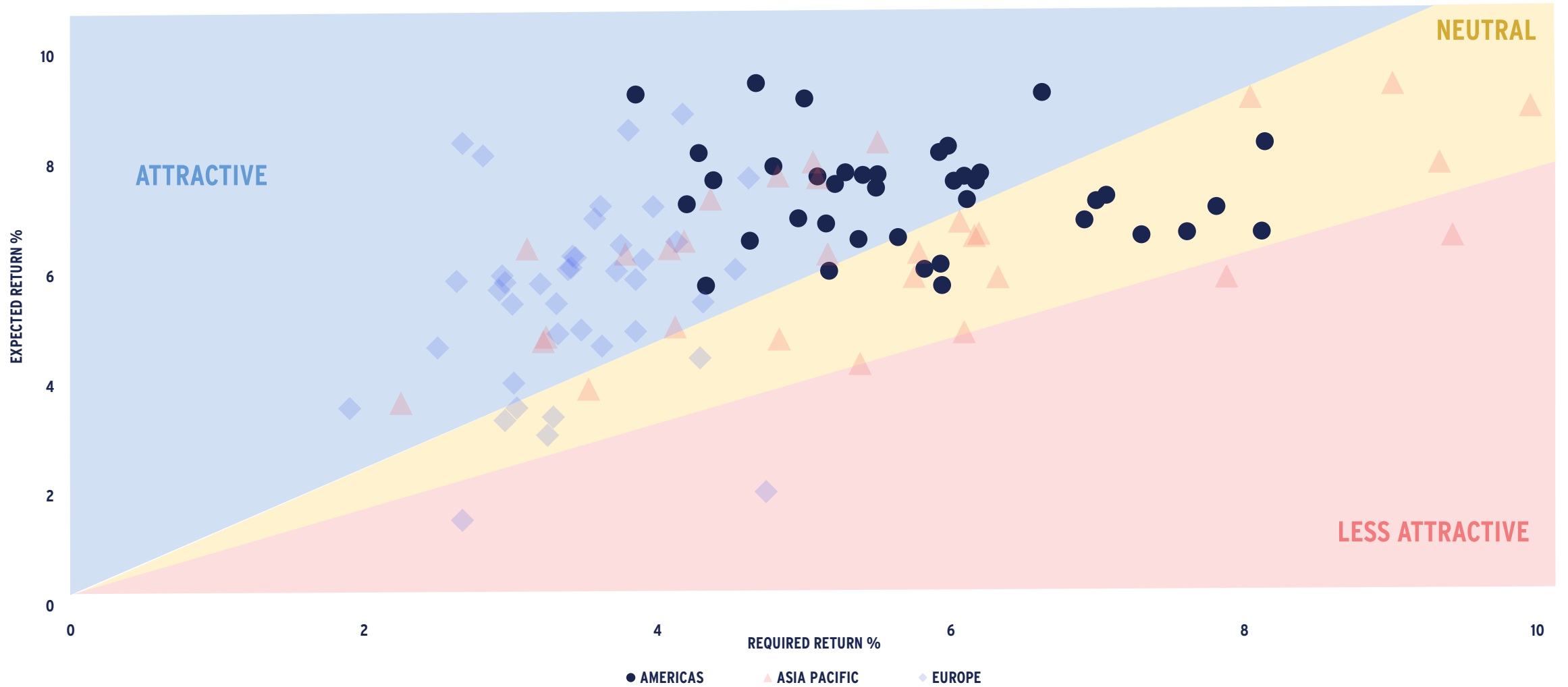
2022-2025 EXPECTED VS. REQUIRED RETURNS



2021 OUTLOOK

Global Markets Attractiveness Remains

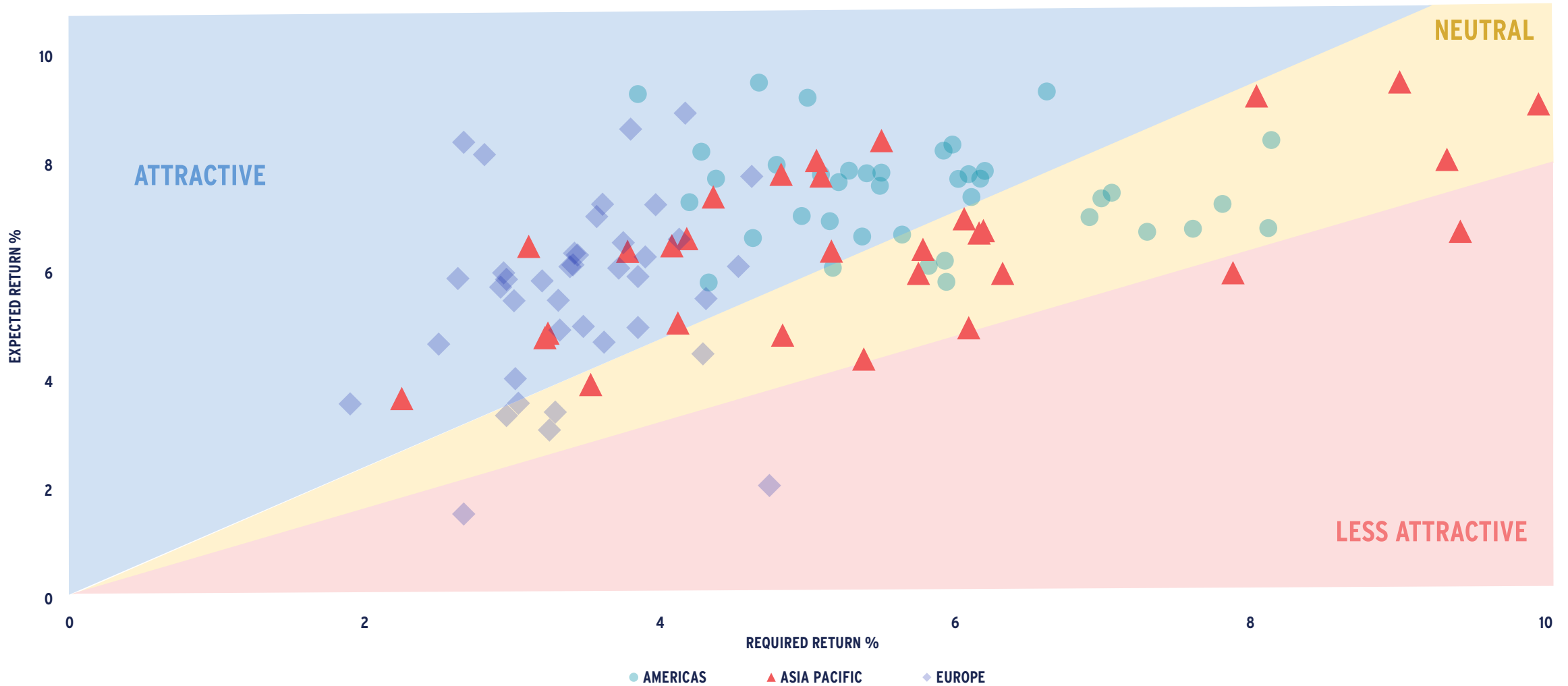
2022-2025 EXPECTED VS. REQUIRED RETURNS



2021 OUTLOOK

Global Markets Attractiveness Remains

2022-2025 EXPECTED VS. REQUIRED RETURNS



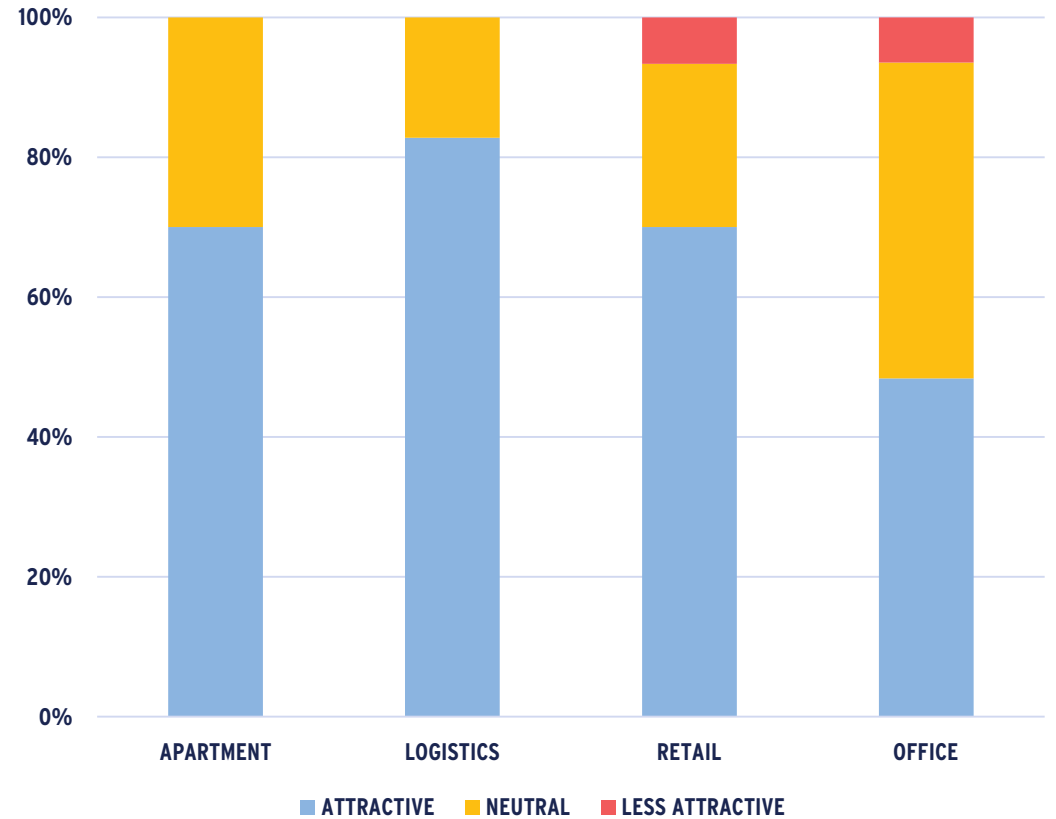
2021 OUTLOOK

Logistics Momentum Continues

% OF REGIONAL MARKETS BY ATTRACTIVENESS (110 GLOBAL MARKETS)



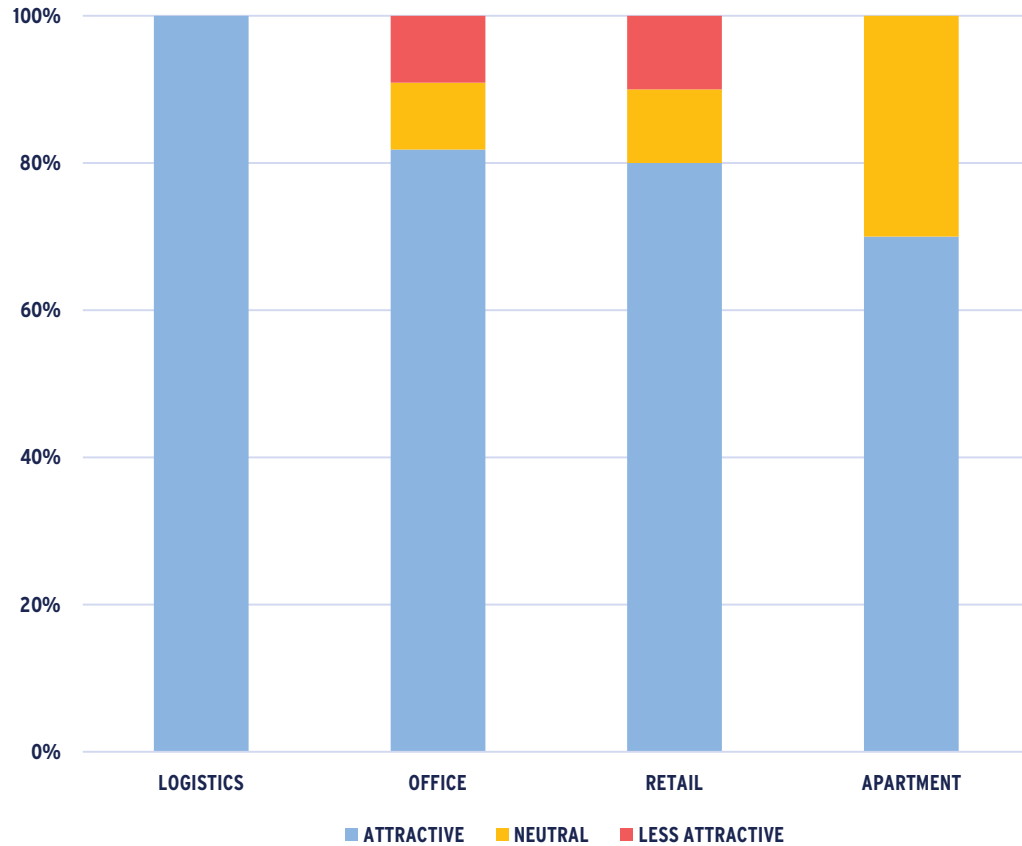
% SECTOR MARKETS BY ATTRACTIVENESS (110 GLOBAL MARKETS)



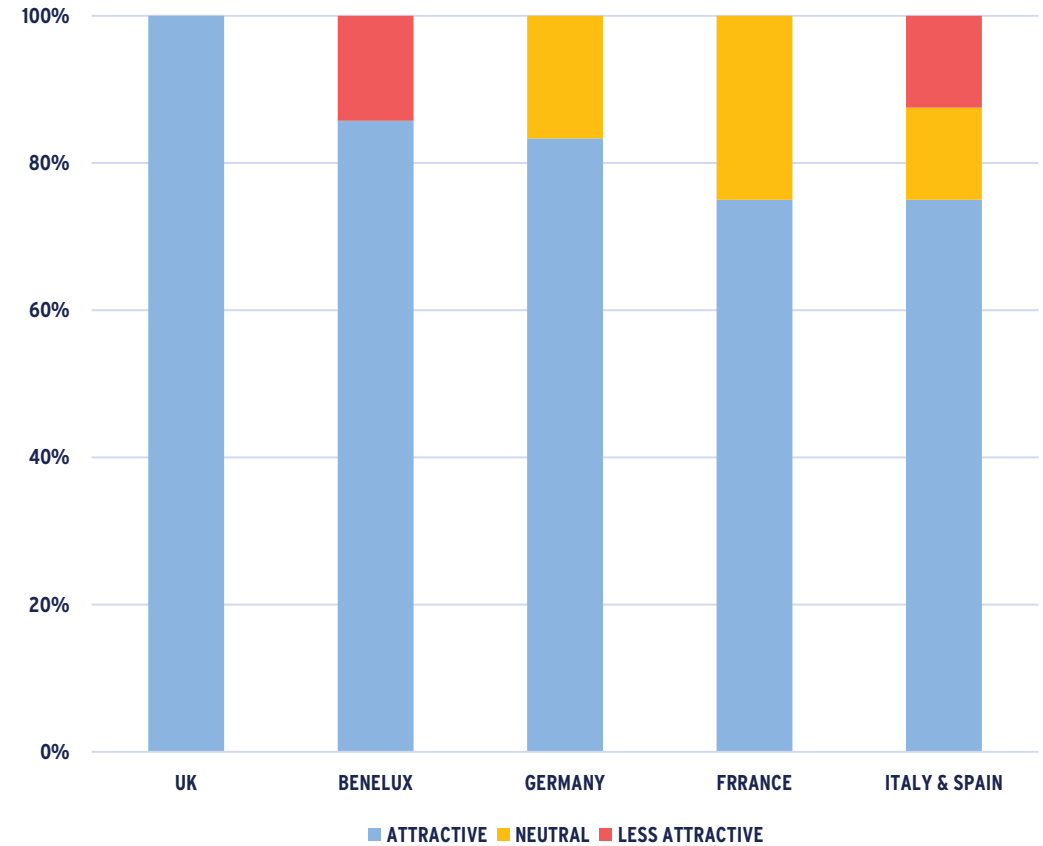
2021 OUTLOOK

European Retail Back in Line after Repricing

% OF REGIONAL MARKETS BY ATTRACTIVENESS (40 EUROPEAN MARKETS)



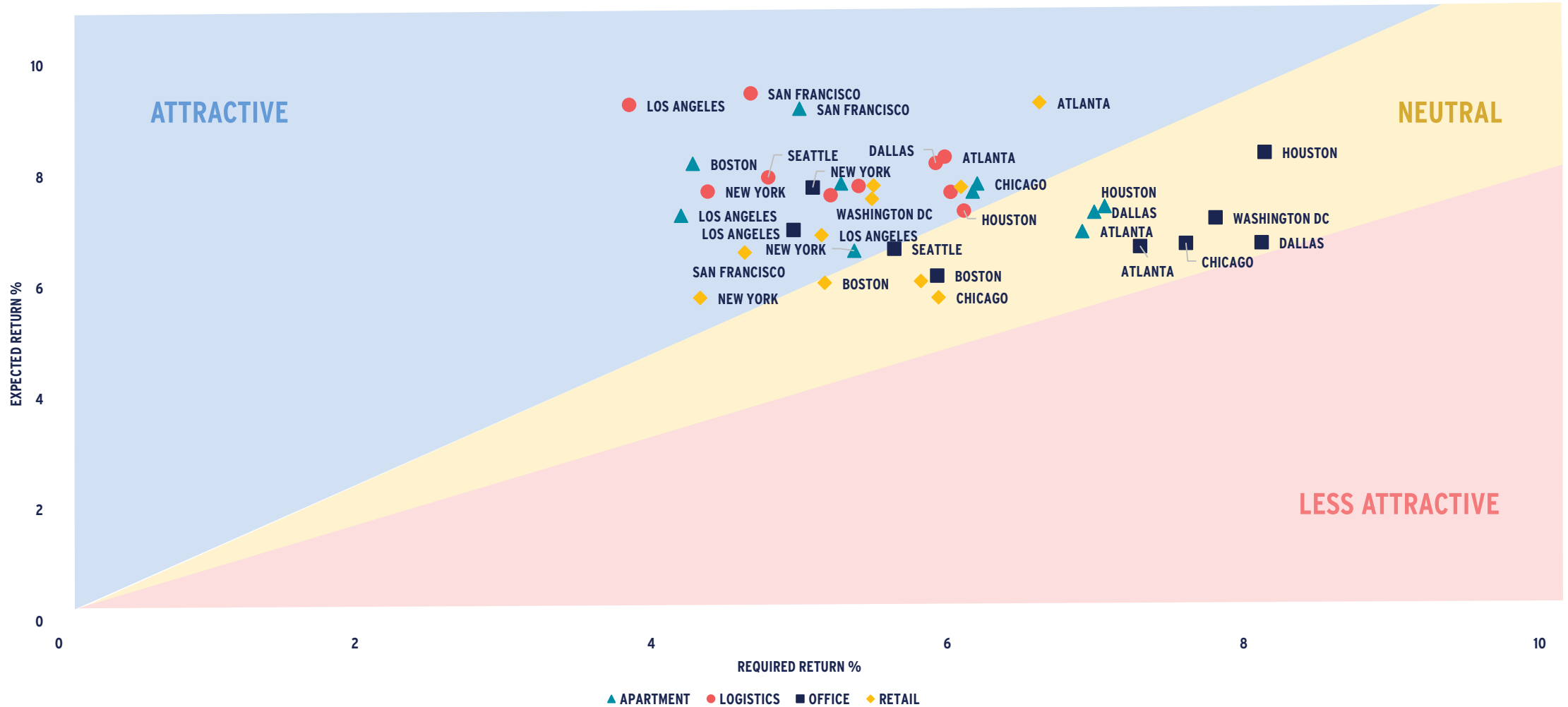
% SECTOR MARKETS BY ATTRACTIVENESS (40 EUROPEAN MARKETS)



2021 OUTLOOK

Most U.S. Markets Stay Attractive

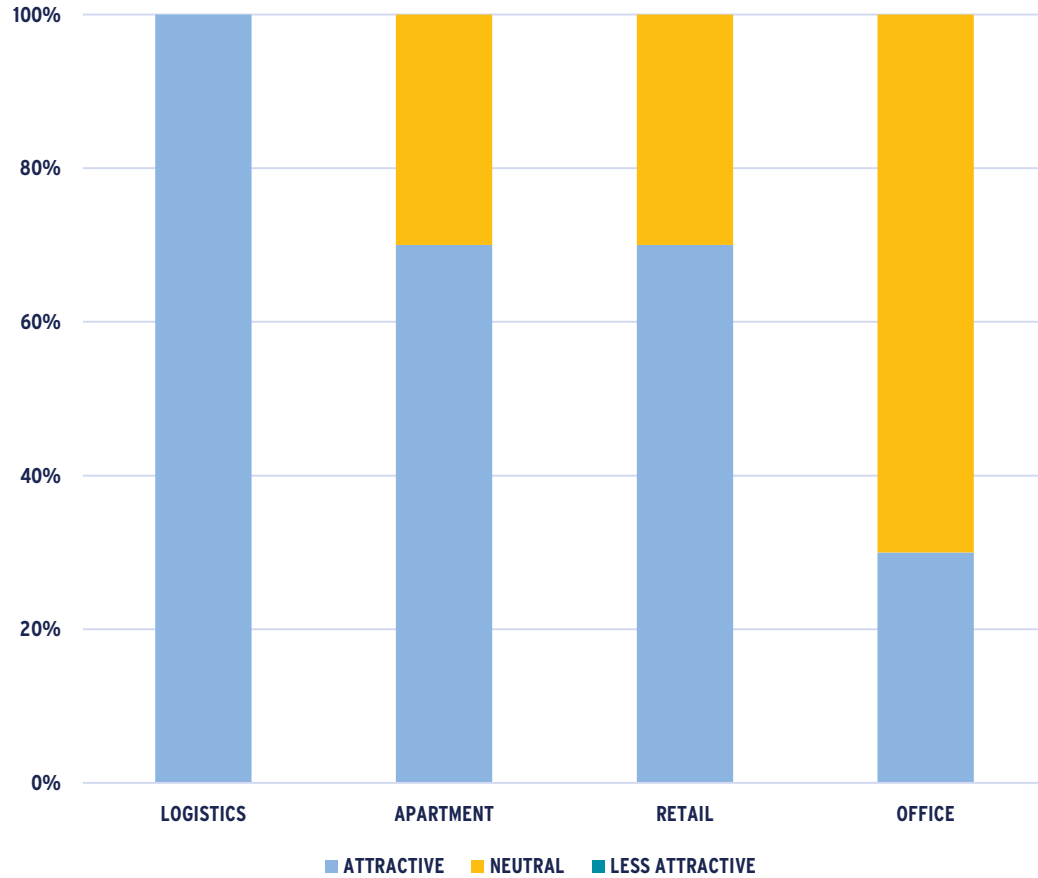
2022-2025 EXPECTED VS. REQUIRED RETURNS



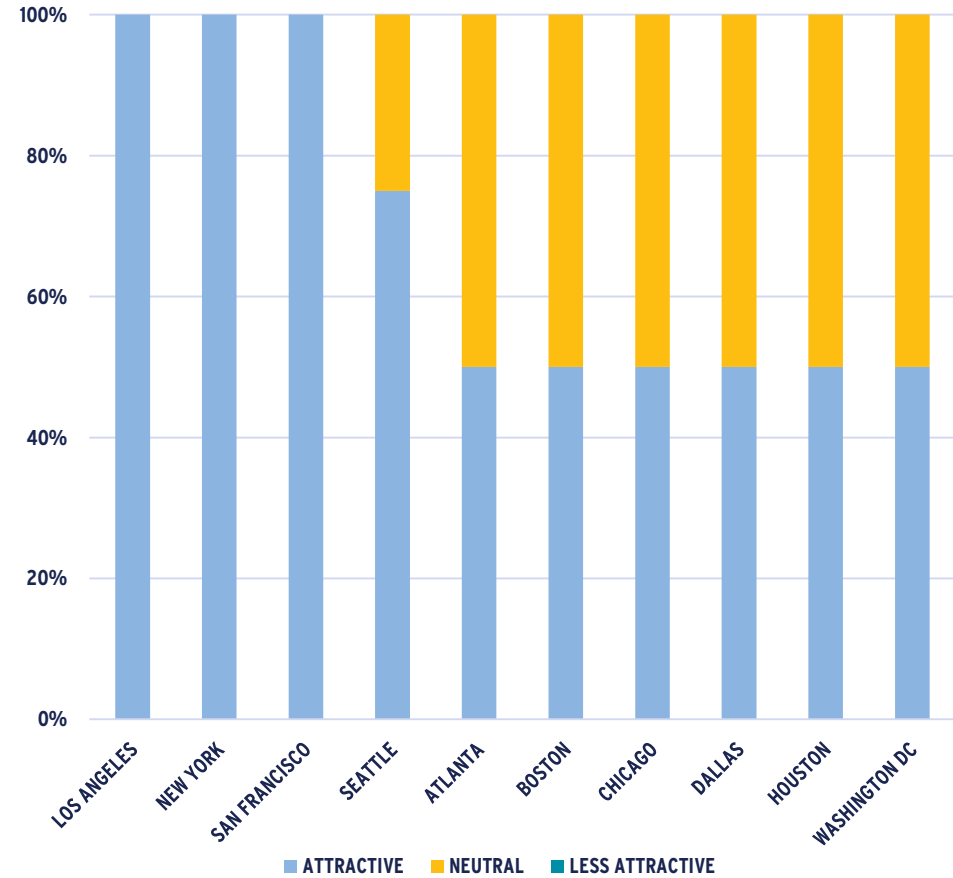
2021 OUTLOOK

U.S. Working from Home Hurts Offices

% SECTOR MARKETS BY ATTRACTIVENESS (40 US MARKETS)



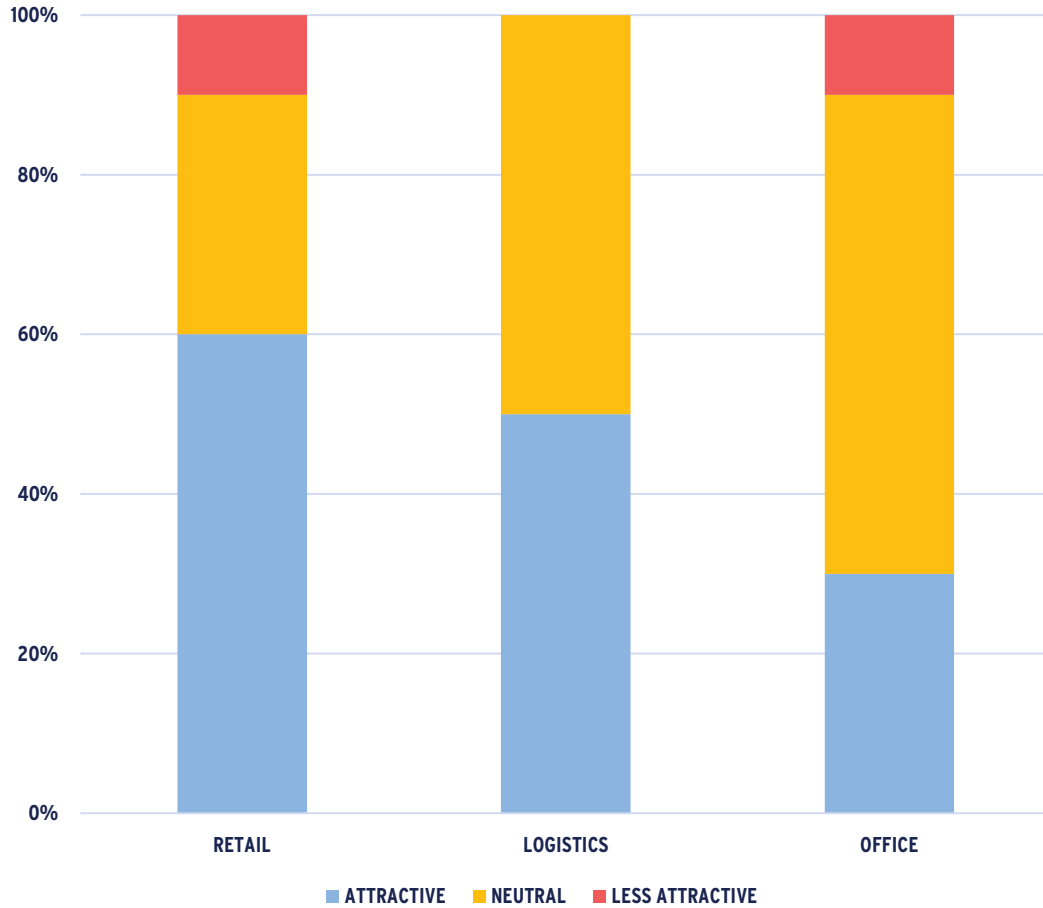
% OF EACH METRO AREA'S PROPERTY TYPES BY ATTRACTIVENESS



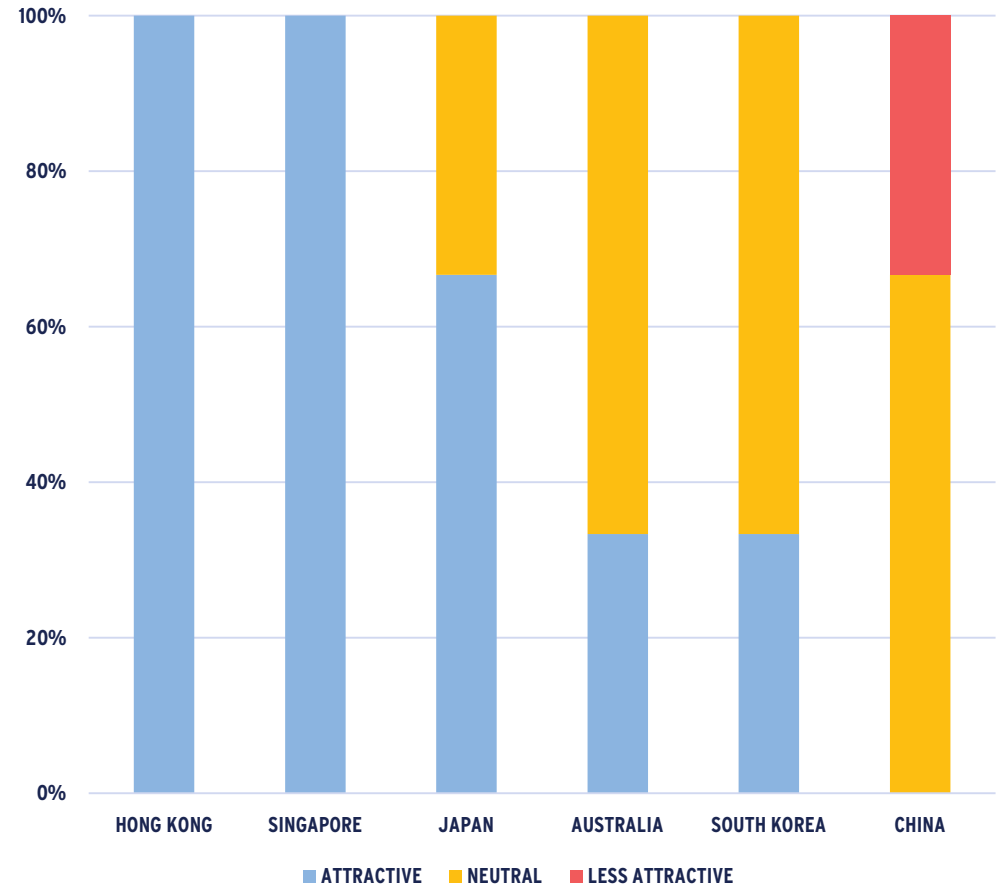
2021 OUTLOOK

Hong Kong and Singapore Most Attractive

% OF REGIONAL MARKETS BY ATTRACTIVENESS (30 APAC MARKETS)



% SECTOR MARKETS BY ATTRACTIVENESS (30 APAC MARKETS)



SECTION IV

Key Views

Key Global Views



EUROPE

- Most attractive region with retail re-pricing
- All ten logistics markets remain attractive
- UK and Benelux most attractive countries



UNITED STATES

- Broadly attractive but most office markets move into neutral
- Logistics remains nearly uniformly attractive
- LA, NY and San Francisco most attractive



ASIA PACIFIC

- Near 50% of markets attractive, selective focus essential
- Largest excess returns in logistics and retail
- Hong Kong and Singapore stand out as most attractive

Thank you