

LINCOLN
PROPERTY
COMPANY

*CRE in
the News*

February 4, 2019



C&W 2019 Top 10 Trends to Watch in CRE

> <http://www.cushmanwakefield.us/en/research-and-insight/2019/cw-2019-trends>

2018 Atlanta Industrial Results



2018 Office Results

METRO ATLANTA STATS AT A GLANCE								
2018 STATS						YOY CHANGE		
SUBMKT	SF TOTAL	SF VACANT	2018 NET ABS	% OCC	ASKING	OCC	ABS	PSF
Buckhead	21,921,094	3,070,929	144,395	86.0%	\$34.98	0.21%	+121,605	+\$1.61
Midtown	24,320,092	2,153,428	734,604	91.1%	\$36.63	(0.57%)	+251,059	+\$4.41
Downtown	31,378,948	3,322,009	319,233	89.4%	\$26.27	0.85%	+318,260	+\$2.20
Central Perimeter	31,497,899	4,527,756	435,748	85.6%	\$27.68	(0.20%)	+535,058	+\$1.53
Northwest	33,236,254	5,060,594	117,102	84.8%	\$24.67	(0.11%)	(357,986)	+\$1.60
North Fulton	28,827,319	3,798,133	(54,803)	86.8%	\$24.28	(1.27%)	(326,724)	+\$1.16
Northlake	16,995,523	1,680,688	162,827	90.1%	\$21.05	0.38%	+88,138	+\$1.13
Northeast	23,247,289	4,531,024	(187,963)	80.5%	\$18.40	(0.91%)	(492,454)	+\$0.62
South Atlanta	8,384,391	1,205,416	104,123	85.6%	\$18.73	0.74%	+140,178	+\$2.10
TOTAL	219,808,809	29,349,977	+1,775,266	86.6%	\$25.80	(0.2%)	+277,134	+\$1.67 / SF

2018 Office Results - Continued

MARKET FUNDAMENTALS			
	EQO Value	YOY Change*	Trend
AVERAGE ASKING RATES	\$25.80	+\$1.67 / SF	↑
NET ABSORPTION	+1,775,266 SF	+277,134 SF	↑
VACANCY %	13.4%	+0.2% YOY	↑
LEASING ACTIVITY	+1,565,496 SF	(4,000,947) SF	↓
SUBLET SPACE	3,606,064 SF	+71,177 SF	↑
OFFICE-USING JOBS	787,400	+14,000	↑
UNDER CONSTRUCTION	4,766,500 SF	144,560 SF	↑
DELIVERIES	2,469,099 SF	(334,052) SF	↓

Opportunity Zone Update

- › Sales of commercial properties in QOZs rose 12.4% to \$52.3B in 2018 from the prior year
- › Bernstein Cos. Teams up with OPZ Capital to Launch OZ fund
 - › One deal closed in the Midwest, three more in process across the country
 - › \$500M fund target, though may exceed that target
- › OZs in the Mid-Atlantic are more gentrified than other regions: OZs exist in Brooklyn Heights (median \$100K+ hh income); and DC (3 OZs with median incomes above \$90K/yr)
- › IRS to hold a public hearing on proposed regulations for opportunity zones on 2/14/19 – hearing will address the proposed regulations released in October.

Chinese Capital Continues to Withdraw from US CRE

- › Chinese net sellers in 4Q18 to the tune of \$854M
- › Third straight net selling quarter for Chinese capital
- › In part, result of President Xi Jinping directing investment firms to recapture capital that had been invested abroad to shore up slowing growth of the Chinese economy
- › Chinese capital had been flowing into the US at such a pace that even with three quarters of net selling, it ended 2018 as a net buyer to \$2.7B
- › As the flow of Chinese Capital to the US slowed, Canada passed China as the biggest foreign investor in the country last year with \$44B in purchases, massively up from 2016 when Canada bought \$14.6B in US property.

We Work Introduces Another Offering

- › Earlier this week, The We Company announced the debut of Made by We
- › Hybrid of coworking and retail, the first location will be in Manhattan's Flatiron District
- › The space will feature 100 desks, which can be reserved on demand, without a membership
- › 30-minute minimum, then by the minute after that – desks can also be reserved for a full day online the night before
- › The retail section in Made by We will sell products made by entrepreneurs and companies that are partners with or members of WeWork