

WELCOME

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HORIZON
2015





BARRY DORFMAN

President, Market Director
JLL – Rocky Mountain Region

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2015





BEN BRESLAU

International Director
JLL – Research

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2015



OPPORTUNITY in an uncertain environment

**UNSETTLING
MACRO**
= HEADLINES =

CRE
{OUTLOOK}
AND AREAS *of*
OPPORTUNITY

**DENVER
PUNCHING**
ABOVE ITS WEIGHT



ECONOMY | ASIA ECONOMY | WSJ PRO

Falling China Factory Gauge Rattles Hopes for Second-Half Growth

Preliminary Caixin China manufacturing PMI falls to 47.0



A Chinese worker stuffs dolls at a toy factory in Xietang, Zhejiang province, China. The preliminary Caixin China manufacturing PMI fell to 47.0 in September, the lowest level in six-and-a-half years. PHOTO: GETTY IMAGES

By **MARK MAGNIER**

Updated Sept. 23, 2015 1:01 a.m. ET

11 COMMENTS

BEIJING—A preliminary measure of Chinese factory output in September was the lowest since the financial crisis, adding to a parade of weak data that is increasingly eroding hopes that China's slowdown would stabilize in the second half.

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YOUR ADVANTAGE.

Introducing WSJ Pro Central Banking

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The Economist

AUGUST 29 19 - SEPTEMBER 6 2015 Economist.com

Migrants: Europe's moral panic

The scam of pay-as-you-go government

Spycraft and corporate security

Visions of Virtual Reality

The elegant physics of the tennis court

The Great Fall of China

CHINA IS SLOWING, but the stock market crash is not an economic hard landing

Chinese Stocks

-40% in last three months

+30% from one year ago

0.35 almost negligible correlation to the Chinese economy

Chinese Economy

7% official GDP growth target

? actual current growth rate

2X more absolute growth in past year than in 2003

100M more people will move to Chinese cities by 2020



The New Bond Market: Algorithms Trump Humans



The New Bond Market: Regulators Scramble to Keep Up



Energy Lending Caught in a Squeeze



Towers Watson CEO Sold Stock Before Big Deal



Debt Snarls M Student



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44



71



MARKETS | COMMODITIES

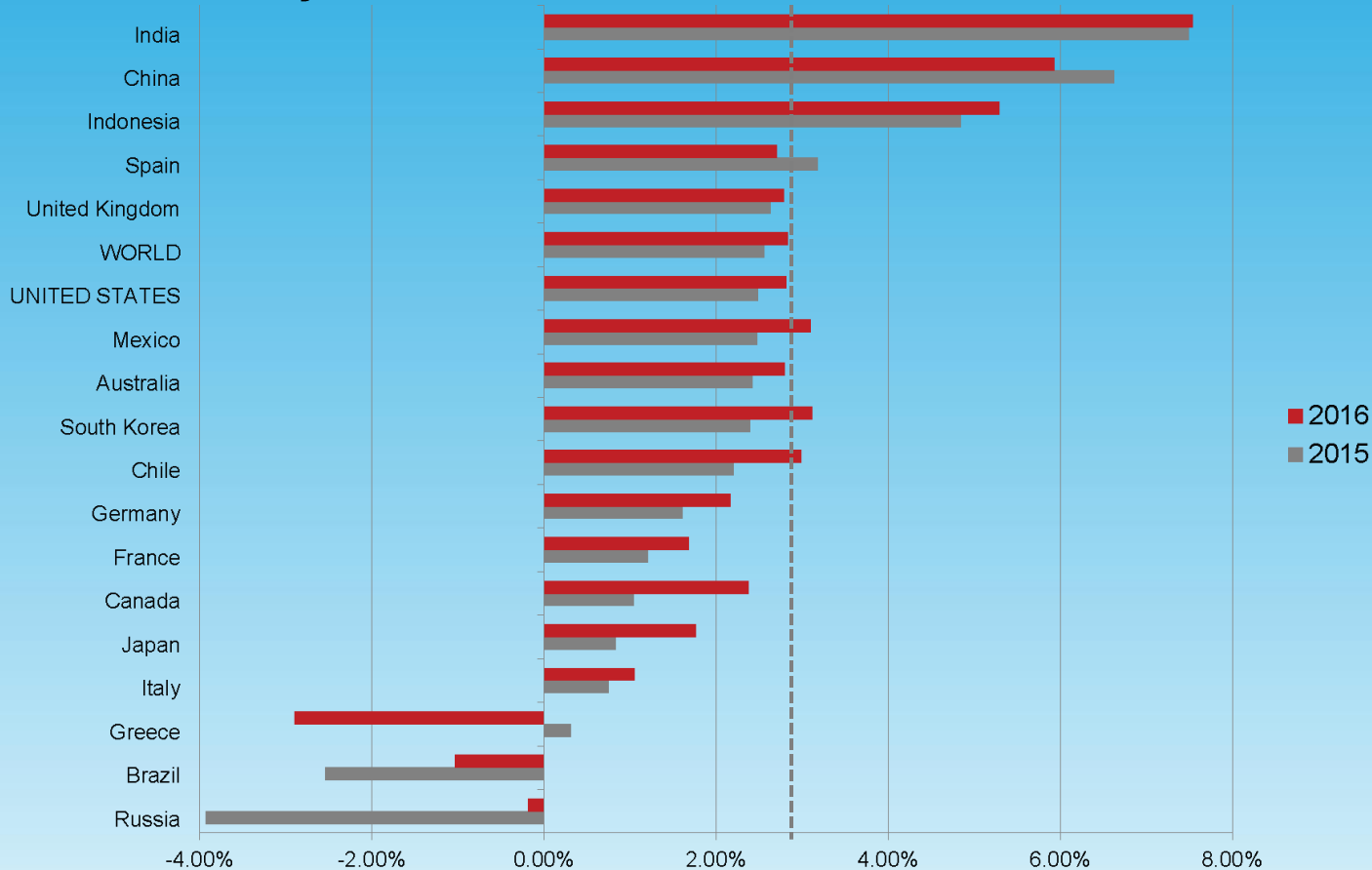
Gulf Oil Producers Ramp Up Price War as China, Supply Concerns Persist

Saudi Arabia, Iran and Iraq all slash prices as OPEC warns of U.S. output stagnation.



GLOBAL GROWTH is subpar, but looks to accelerate

“BRICS” are not what they used to be



Source: JLL Research
Oxford Economics
*As of 09/18/15



Stocks Fall Sharply
on Growth Worries



Bank of America,
Funds Lobby Hard to
Sway Vote on
Moynihan



Up to 20 Countries
Waiting to Join
China-Led
Development Bank



Fed's Williams Sees
2015 Interest Rate
Rise as 'Appropriate'



St. Louis
Bullard
Against



MARKETS | TODAY'S MARKETS

Stocks Fall Sharply as Federal Reserve Decision Sparks Growth Concerns

Many see Fed's call as a signal that weakness persists; 'the issues with c



1499



434



ECONOMY | CENTRAL BANKS **WSJ PRO**

Fed Delays Interest-Rate Liftoff

Officials still expect to move this year, but express concerns about global tumult



ECONOMY | CENTRAL BANKS **WSJ PRO**

Fed Rate Decision Keeps Monetary Debate Raging

The monetary doves won the battle, but not yet the war

THE FED'S DILEMMA

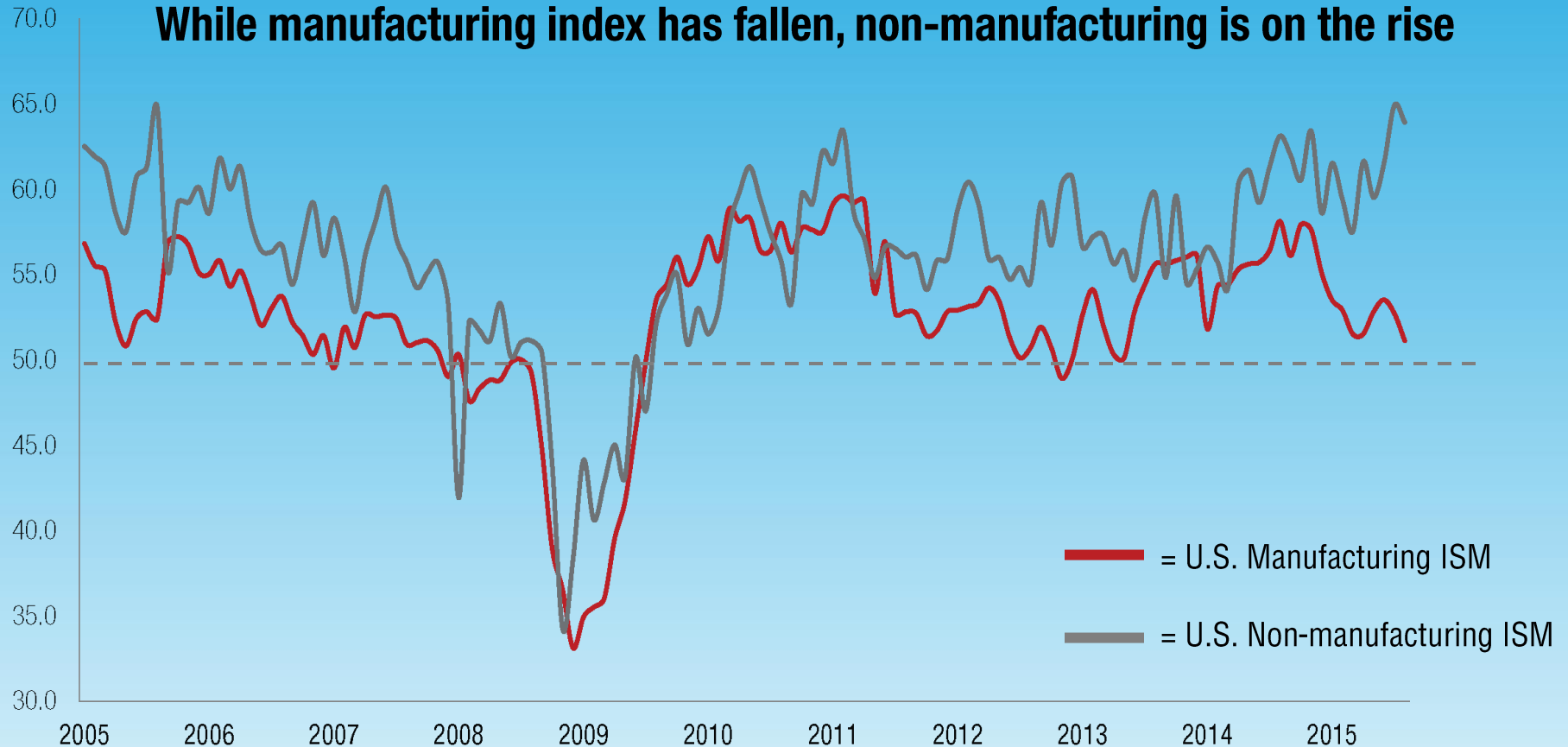
The case **against** a rate hike:

- Unemployment rate is misleading
- Inflation not close to 2%
- GDP growth stuck below 3%
- Strong U.S. Dollar hurting growth
- Global weakness concerning
- Stock market bubble less concerning
- Housing just getting started

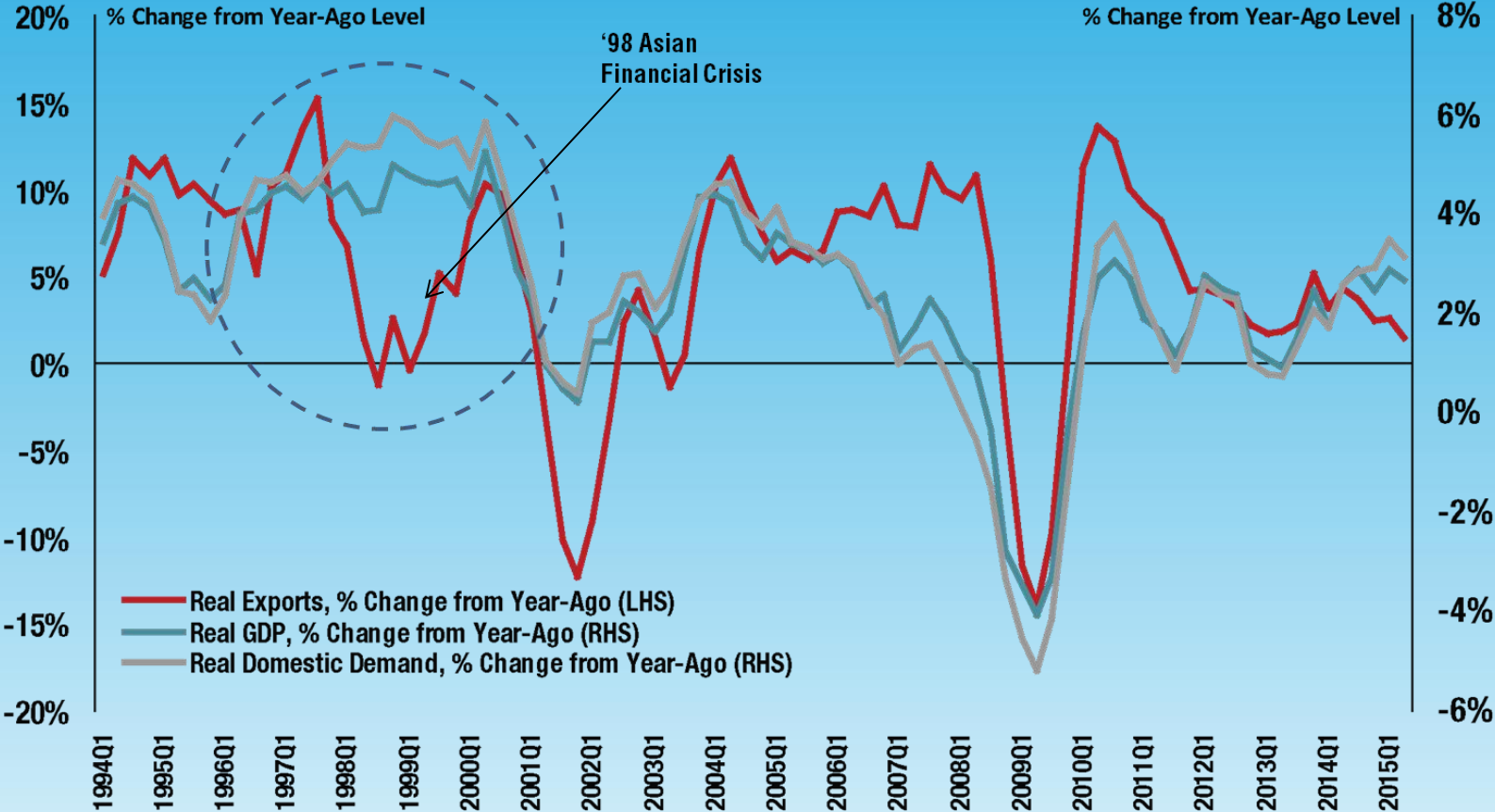
The case **for** a rate hike:

- Unemployment at 5.1% and dropping
- Need to preempt inflation pressures
- Corporate profits and personal consumption at all time highs
- Consumer confidence is high
- Recovery proven resilient to shocks
- Need higher rates to have policy tool options for next downturn

Can domestic strength withstand global weakness?



History suggests U.S. expansion can withstand global weakness and financial volatility



WHAT — do the — NON-TRADITIONAL INDICATORS SAY

Sept 14, 2015

the ONION®

AMERICA'S FINEST NEWS SOURCE

Report: Oyster Cracker-Wise, Nation Doing Pretty Good

NEWS IN BRIEF

September 14, 2015

VOL 51 ISSUE 37

News · Lifestyle



WASHINGTON—Citing their ready availability and consistent quality, a report released Monday by the Brookings Institution confirmed that, as far as oyster crackers go, the nation is doing pretty good. “The United States is currently in a very respectable place in terms of oyster crackers, and at present, any existing oyster cracker-related concerns are minimal,” said the report’s lead researcher, Kevin Purcell, who offered the prevalence of oyster crackers in supermarkets, the rarity with which they are discovered broken, and the fact that packets of the crackers—often two at a time—are handed out free of charge with many soups and chowders as clear evidence that the country is in a solid spot, oyster cracker-wise. “Using



ONION VIDEO

WATCH MORE ▶



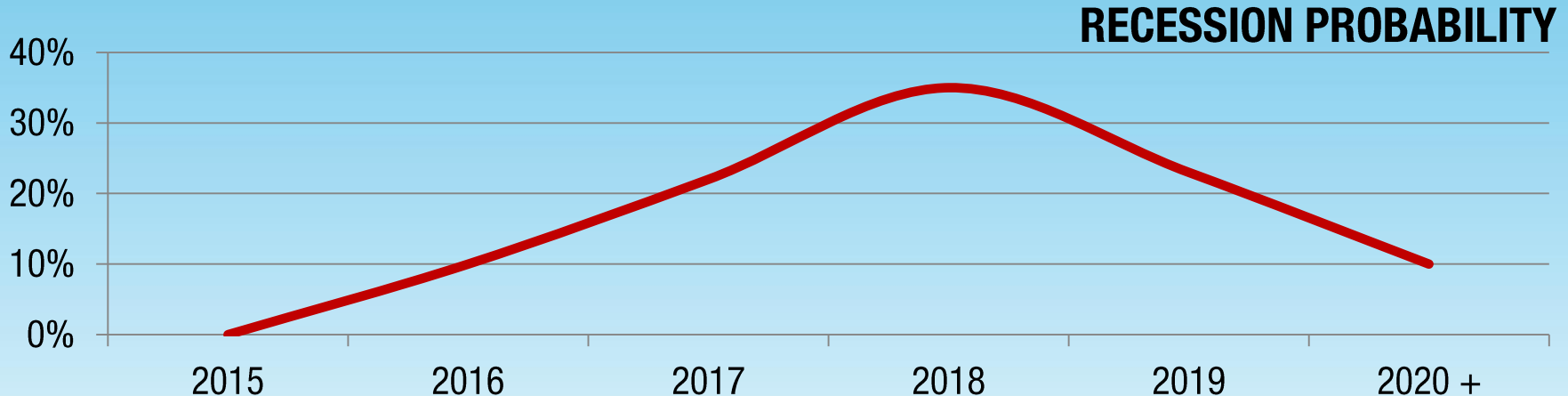
6-Year-Old Data Entry Prodigy Already Entertaining Offers From Major Temp Agencies



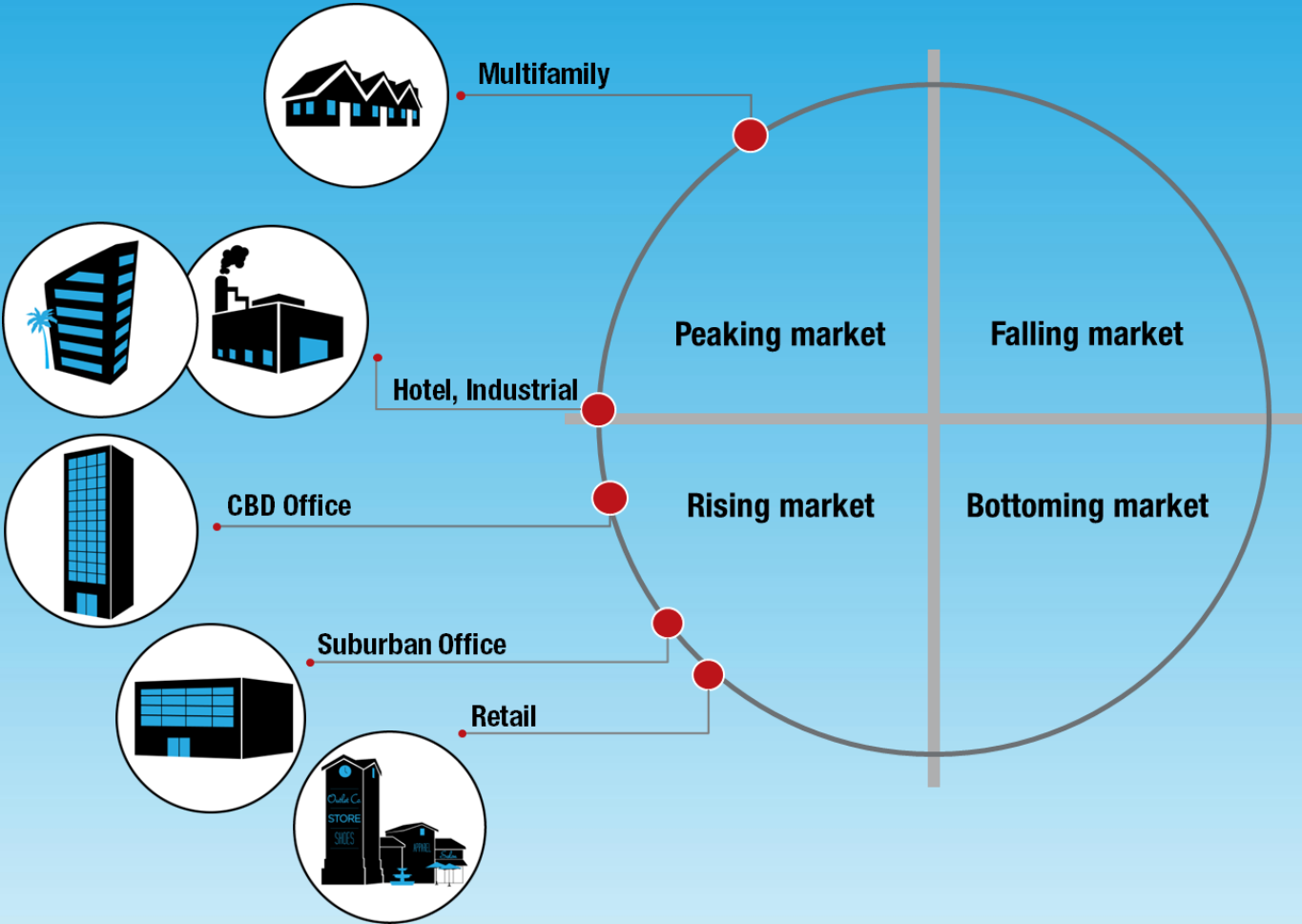
Onion Explains: International Drug Trade

Our outlook – Optimism for U.S. expansion

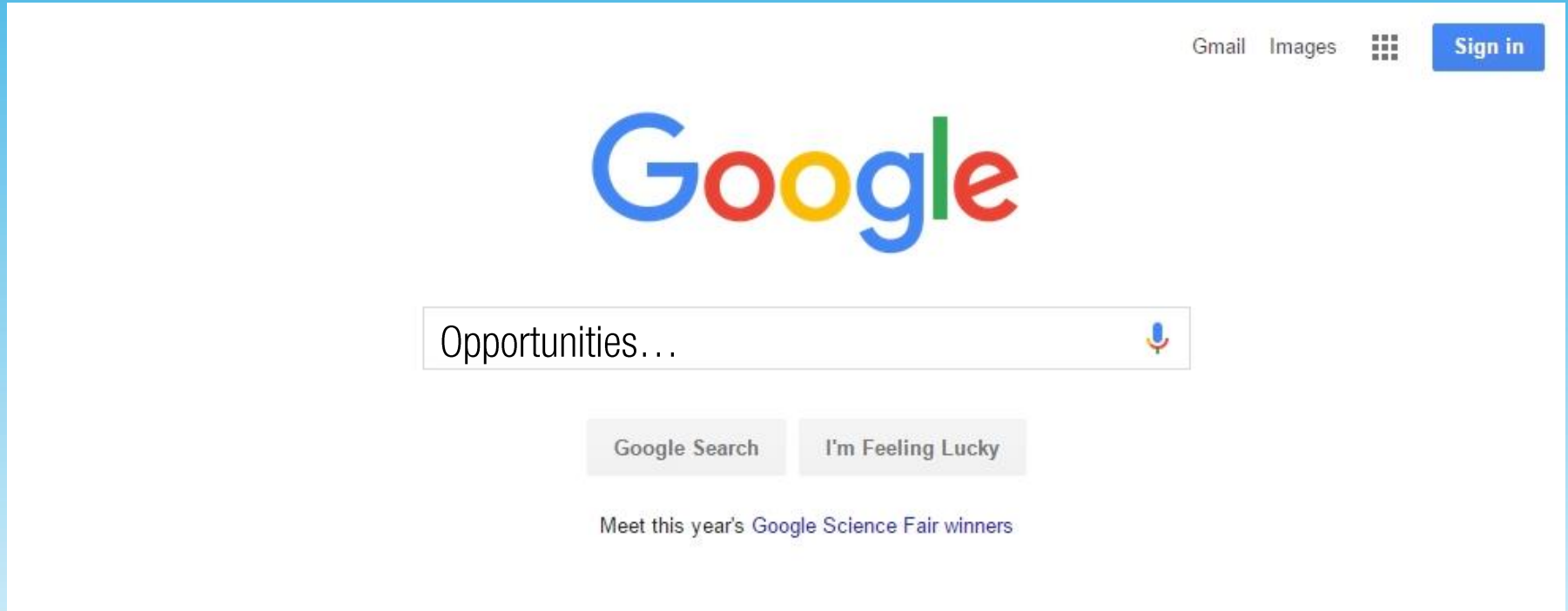
- Still extraordinarily accommodative monetary policy and stable prices
- Private sector strength with potential room to run for consumers and housing
- Global risk factors worrisome but not yet acute
- We see low probability of recession in 2015 and 2016, with increasing probability in 2017, 2018, and 2019



U.S. property clock shows momentum across property types



If the markets are booming, and the cycle is maturing,
where do we find opportunities?



ASK THE NERDS



The nerds of yesterday vs. the nerds of today



What do today's NERDS want?

**= ECONOMIC =
OPPORTUNITY**

{ QUALITY OF
LIFE }

AFFORDABILITY

VIBRANCY

LIVE *work* **PLAY**

{ AUTHENTICITY }

AMENITIES

DENSITY

CHARACTER

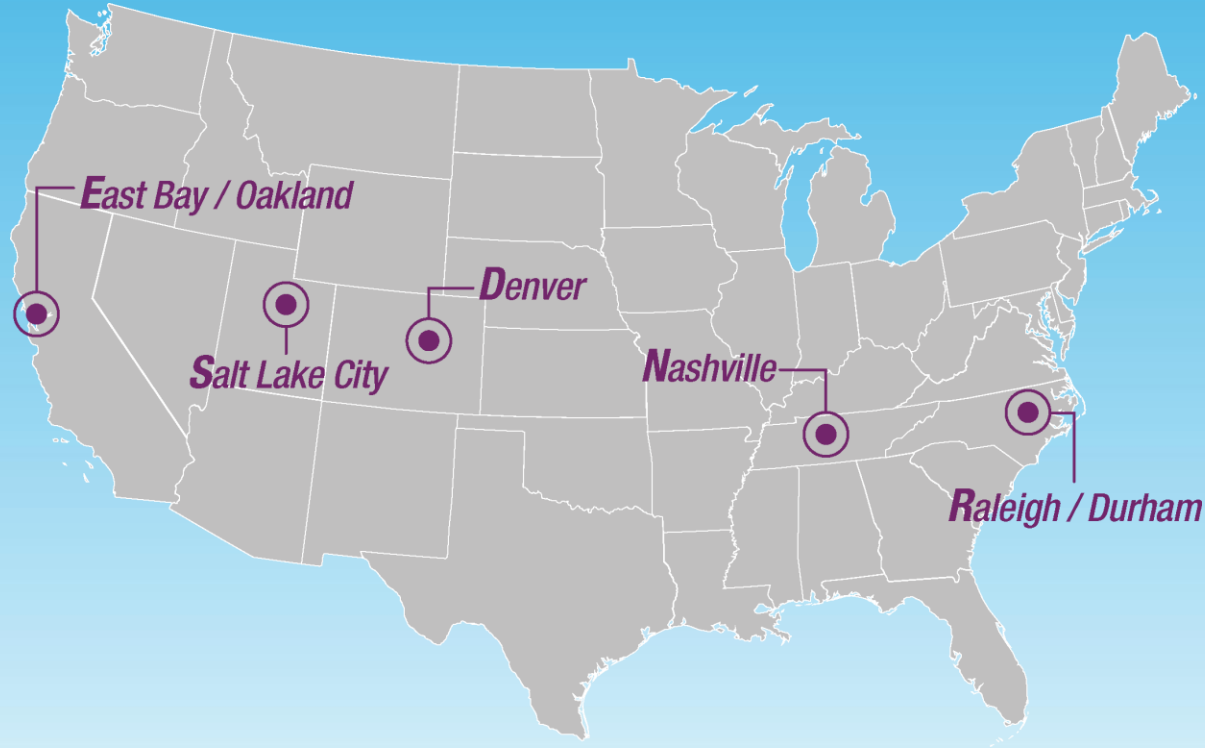
COLLABORATION

TRANSIT

cool
FACTOR

NERDS \ˈnɜːrds\ *n.*

Markets to which people, especially millennials, are moving in droves; and where Gross Metropolitan Product (GMP) is growing 2X more than the U.S. average



Follow the NERDS

EMPLOYMENT

2015 NERDS JOB
GROWTH HAS OCCURRED

1.4X FASTER THAN THE
NATIONAL AVERAGE

+2.3%

NERDS 1980-2015
average

+3.0

NERDS 2015
average

+1.3%

U.S. 1980-2015
average

+2.2%

U.S. 2015
average

DEMOGRAPHICS

235,405 new residents in 2014

**Population growth at
2.3X** national average since 2010

Access to **millennial talent**

Workforce education levels well
above the national average

Denver punches above its weight



21ST

largest U.S. metro



2ND

fastest population growth since 2010



9TH

highest education levels



5.3%

economic output growth (nearly 2x national average)



5TH

busiest airport in the U.S, 15th in the world



8TH

most diversified large metro area

{ VIBRANT URBAN CORE }



In Denver, the ingredients for success go beyond the statistics



And it's a definitely a city with flair...



Investors take notice!

Global Investment Intensity Index

Total Real Estate Investment
as Proportion of City GDP

* 3-year rolling total direct real estate investment volumes to Q2 2015
Source: JLL, August 2015

GLOBAL

- 1 London
- 2 Munich
- 3 Sydney
- 4 Oslo
- 5 Honolulu
- 6 Auckland
- 7 Frankfurt
- 8 Copenhagen
- 9 Stockholm
- 10 San Jose
- 11 San Francisco
- 12 Austin
- 13 Melbourne
- 14 Dublin
- 15 Paris
- 16 Gothenburg
- 17 New York
- 18 Boston
- 19 Brisbane
- 20 Warsaw
- 21 Tokyo
- 22 Washington
- 23 **DENVER**
- 24 Edinburgh
- 25 Seattle

UNITED STATES

- 1 Honolulu
- 2 San Jose
- 3 San Francisco
- 4 Austin
- 5 New York
- 6 Boston
- 7 Washington
- 8 **DENVER**
- 9 Seattle
- 10 Los Angeles
- 15 Raleigh
- 21 Nashville
- 25 **Salt Lake City**

Denver property markets



Multifamily

10.3% rent growth
in the past year



Retail

\$3.3 B in investment
sales in the last 4 years



Office

Rents still **20%** below
the national average



Hotels

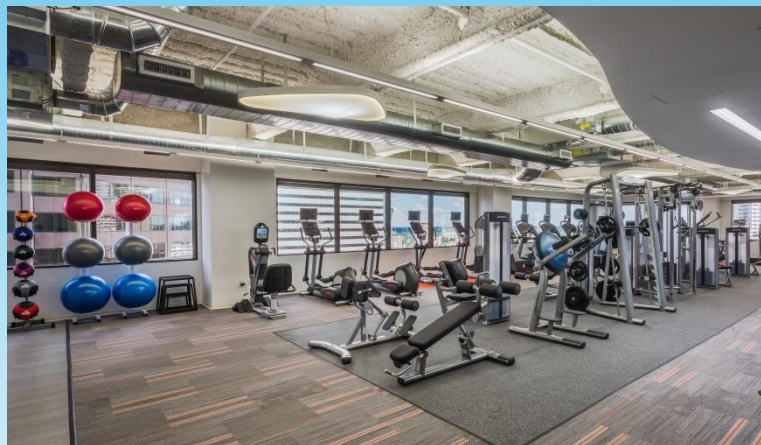
77.5% occupancy
vs. 66.7% U.S. level



Industrial

2nd lowest vacancy
rate in the country

What do tenants want?



Potential headwinds



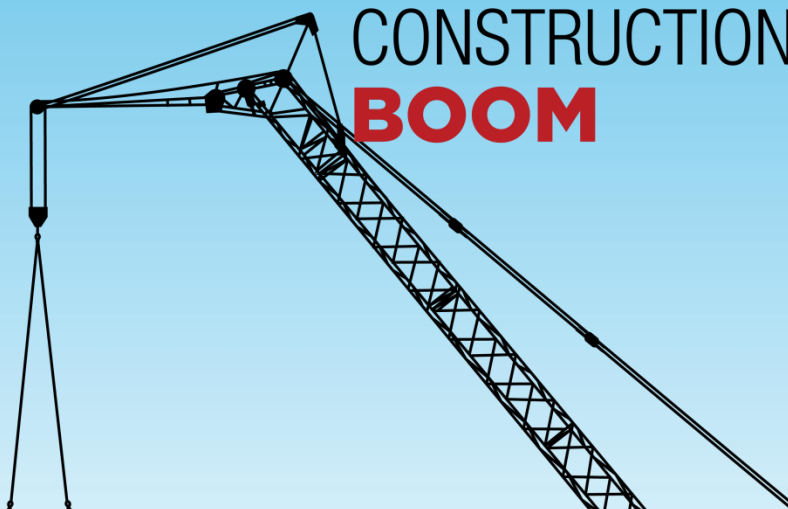
CHANGING TENANT
REQUIREMENTS



AFFORDABILITY



ENERGY
SECTOR DECLINES



CONSTRUCTION
BOOM



REAL ESTATE
TAXES

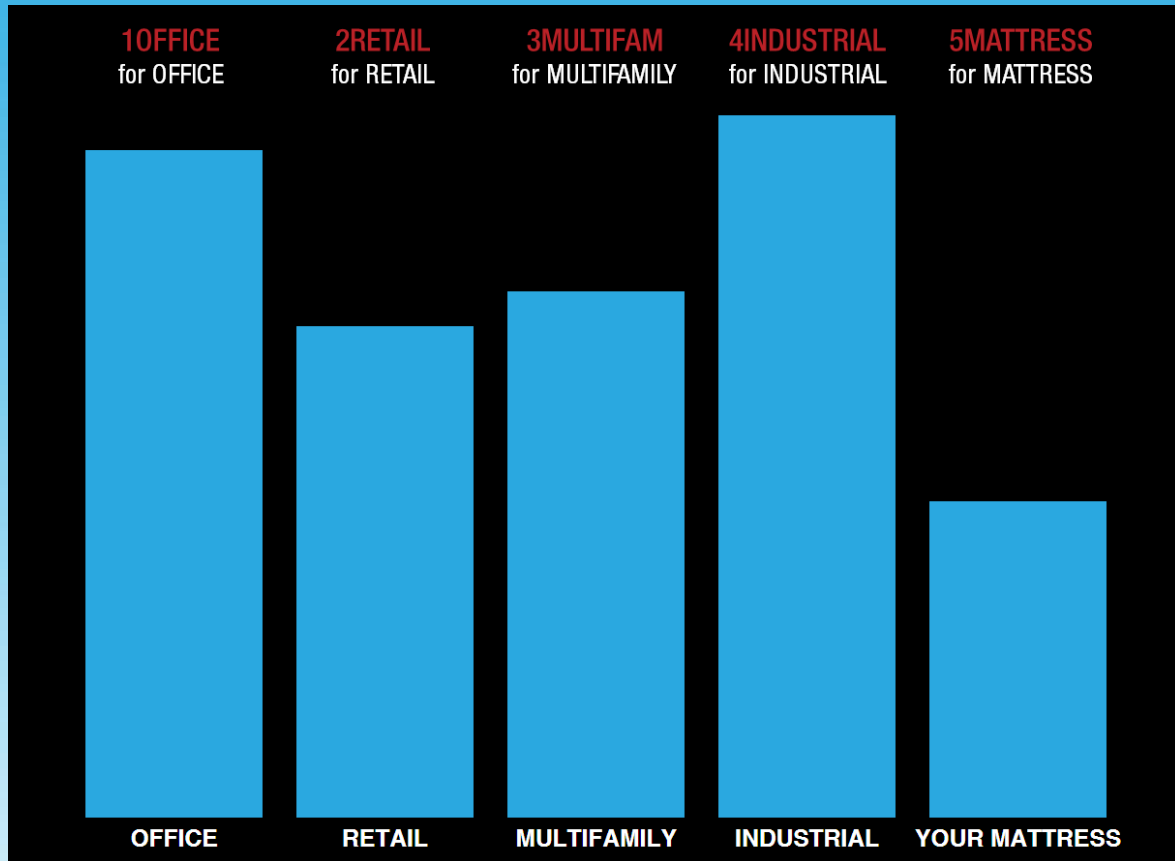
{OUTLOOK}



Text-to-vote — We asked you where you would you put your money?

Results are in...

Answers	Percentage
Office	25%
Retail	18%
Multifamily	19%
Industrial	26%
Your mattress	12%





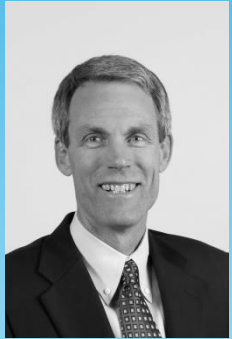
PETER MERRION

Vice President
JLL – Agency Leasing

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JLL HORIZON 2015 Panelists



Larry Harmsen
Prologis



Gordon Stofer
Hines



Dan King
ReadyTalk



Randy Nichols
Nichols Partnership



Fiona Arnold
OEDIT



Peter Merrion
JLL

Thanks for texting-to-win!

The **WINNERS** of the Great American Beer Festival tickets are:

Dan Kiel

Jarrod Lassen

Darrick Christopher

Christopher Mendez

Zak Kessler

Darren Lorentz



Please come to the stage to pick up your tickets immediately following the program!

www.denverhorizon.com