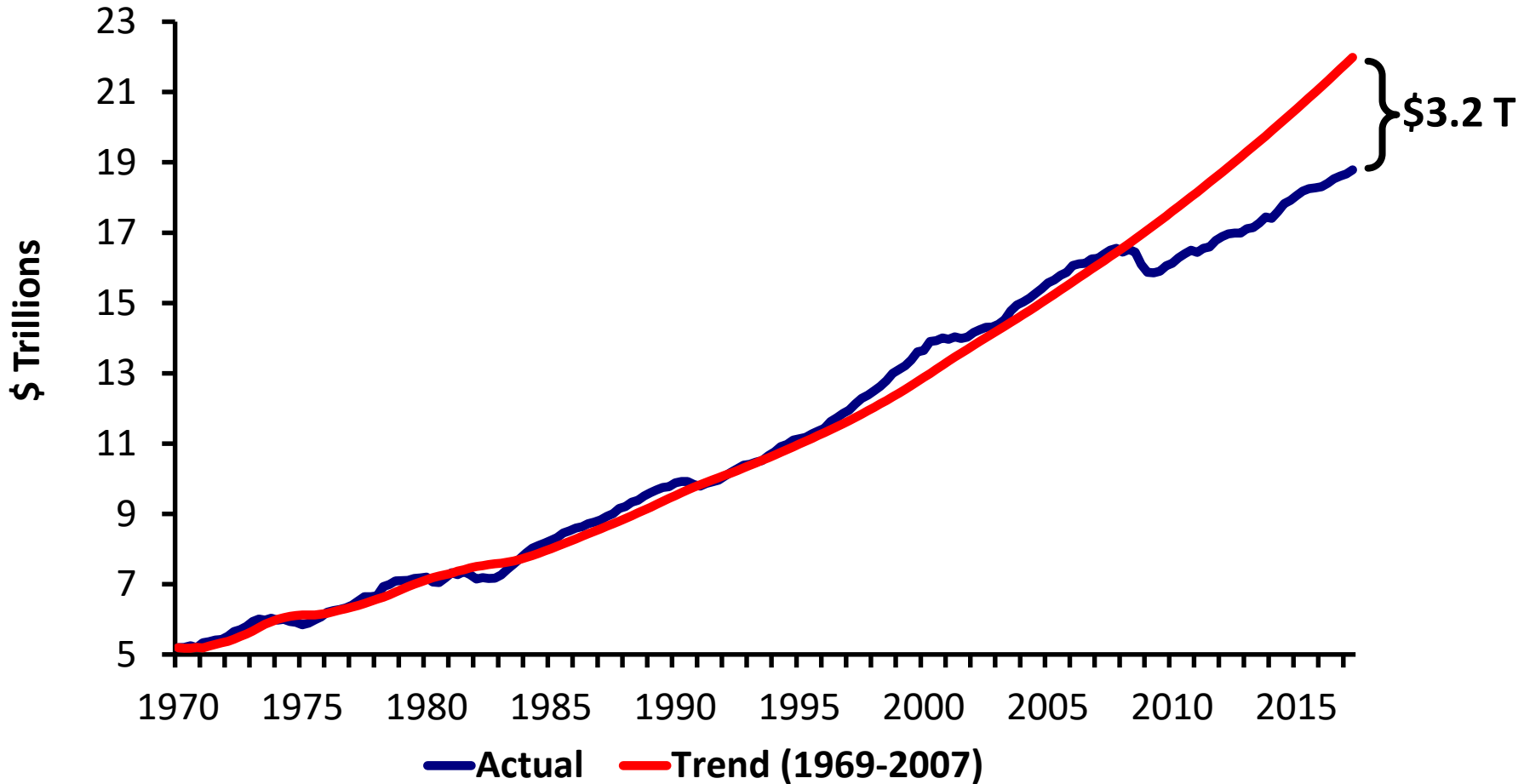




Phoenix

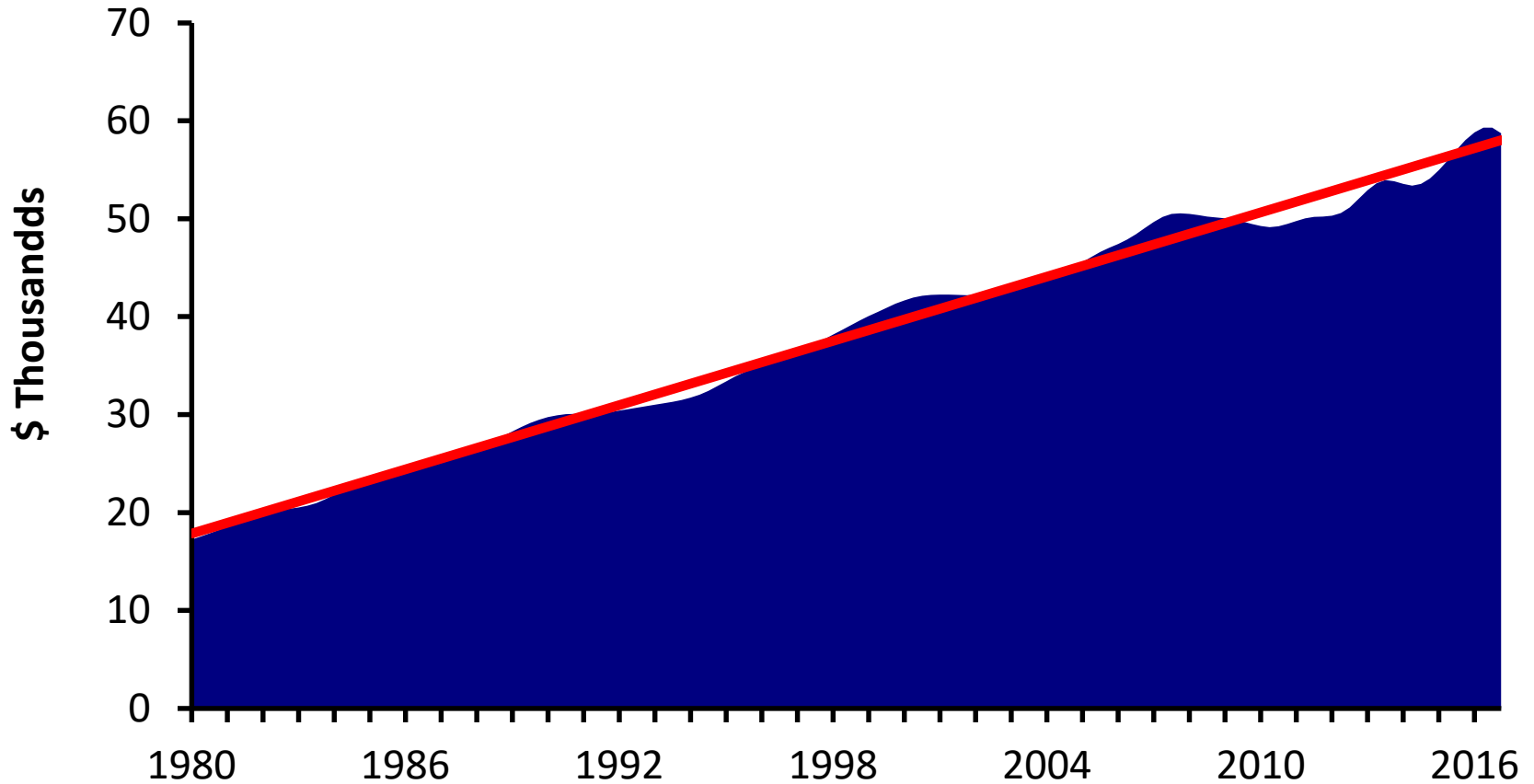
Dr. Peter Linneman
Linneman Associates
November 15, 2017

Actual vs. Trend Real GDP: Still A Huge Gap Due To SF Housing



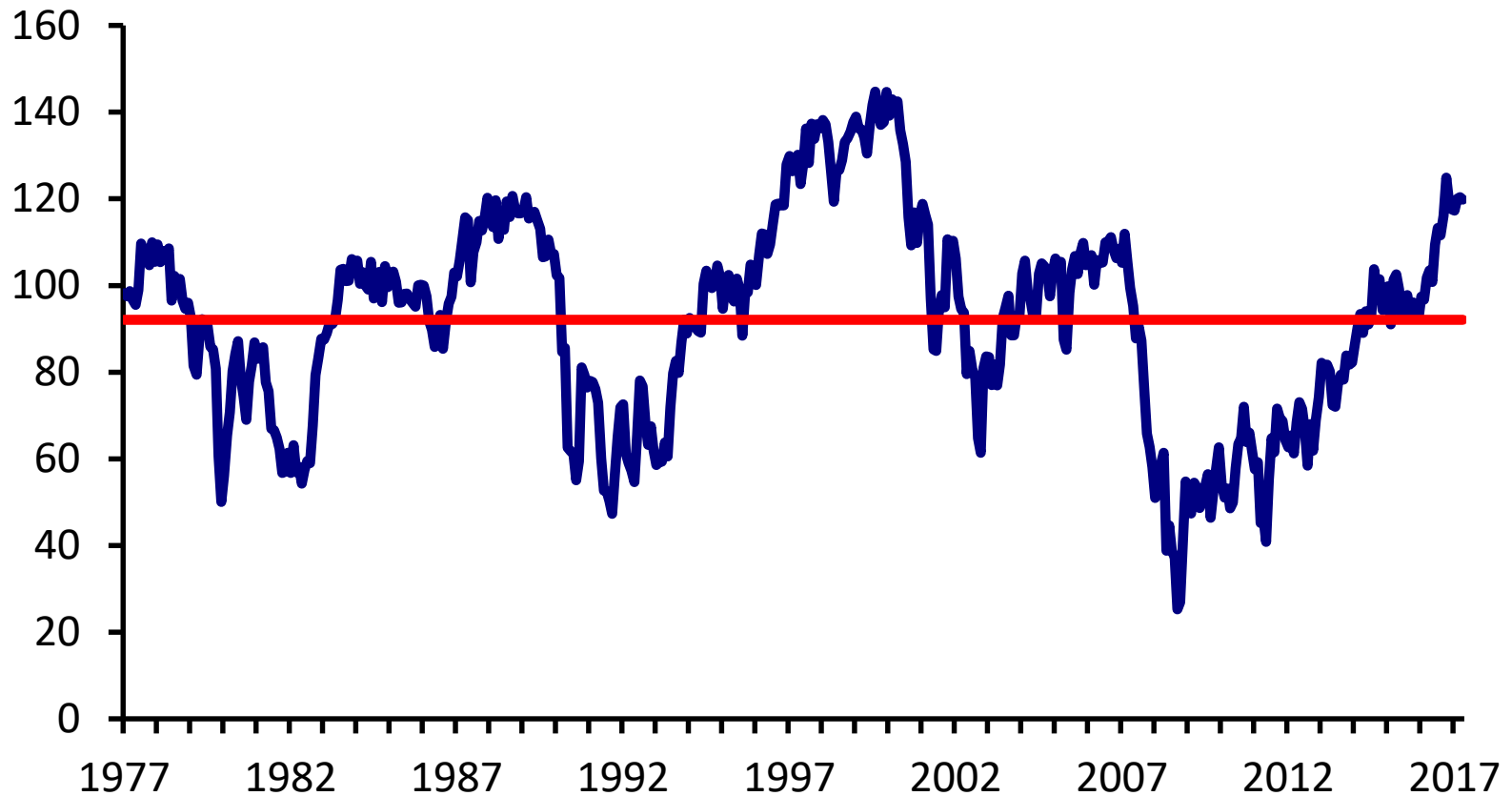
Data points through Q2 2017

Real Median Household Income: Around Trend



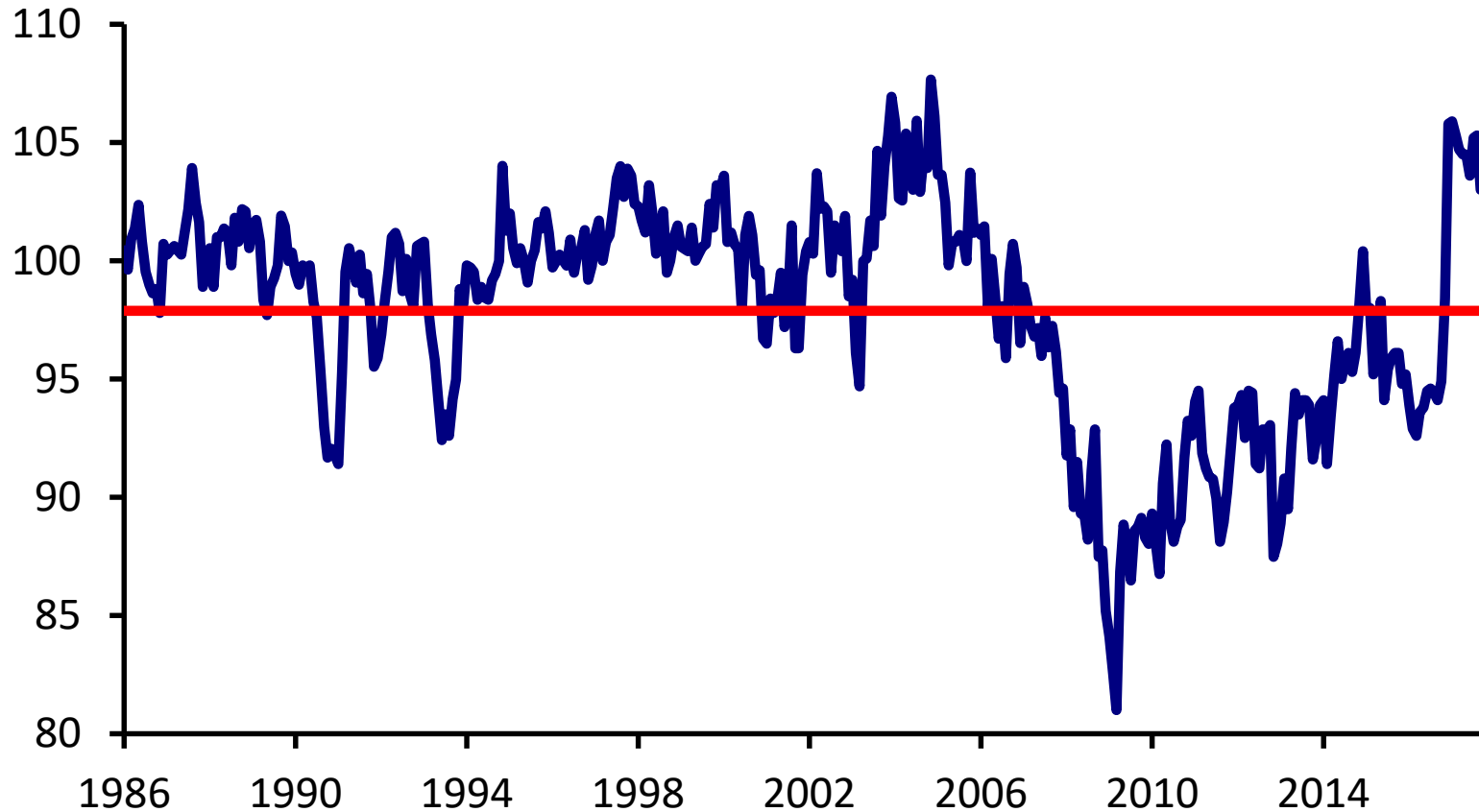
Data points through Q4 2016

Consumer Confidence Index: Post-Election Pop Continues



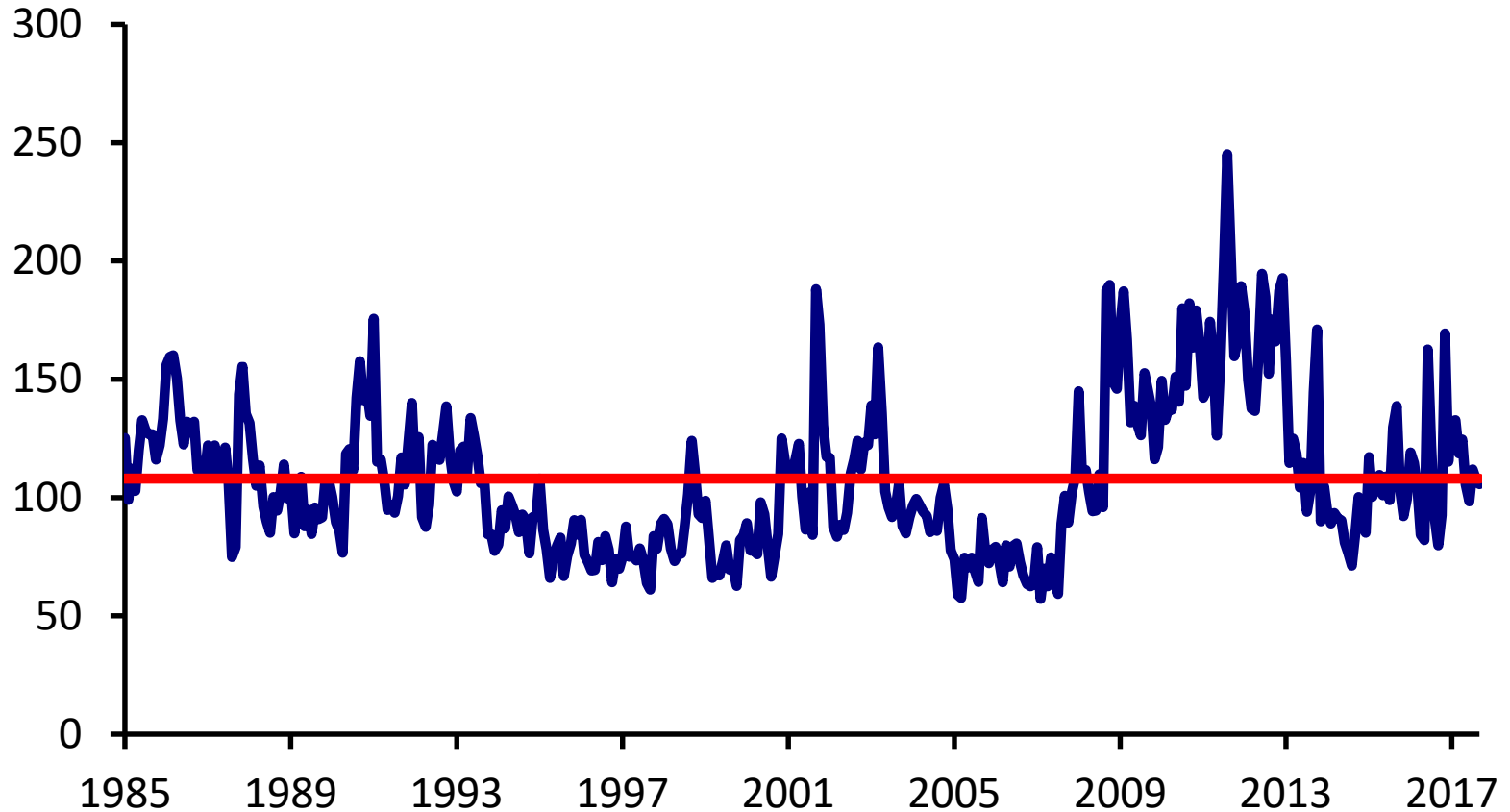
Data points through September 2017

Small Business Optimism Index: Post-Election Surge Continues



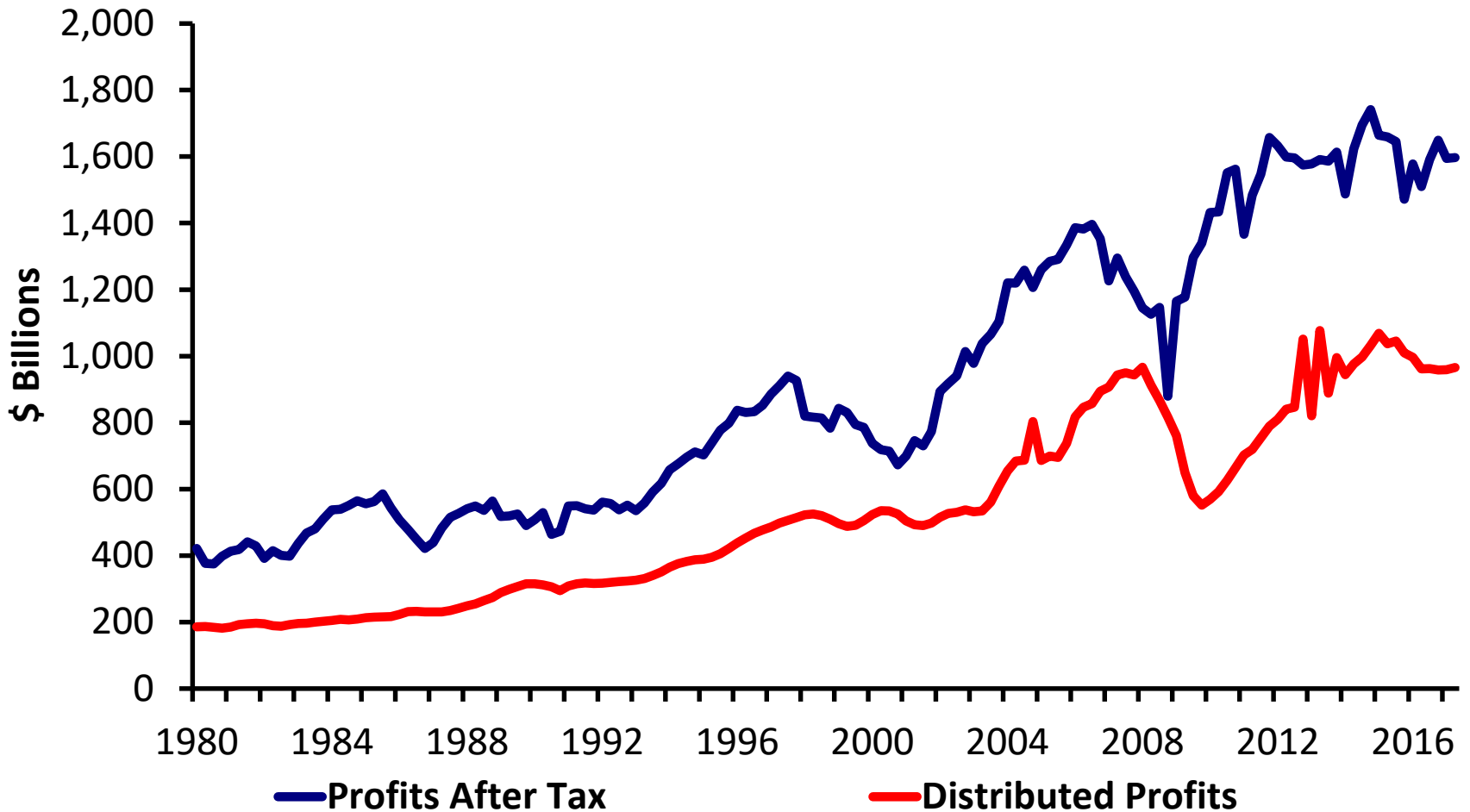
Data points through September 2017

Economic Policy Uncertainty Index: Remarkably Muted



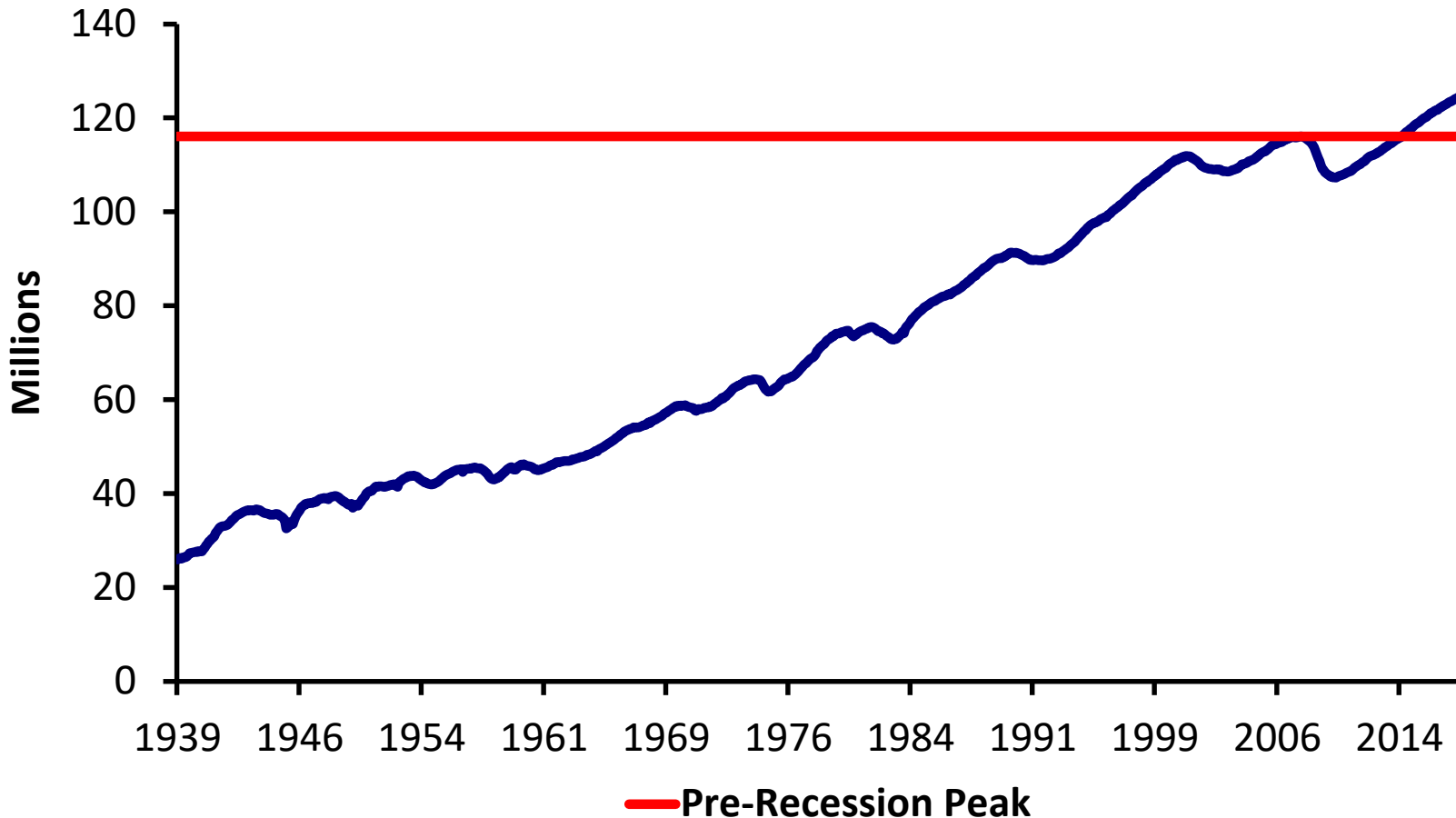
Data points through September 2017

Real Corporate Profits: High But Tough To Grow



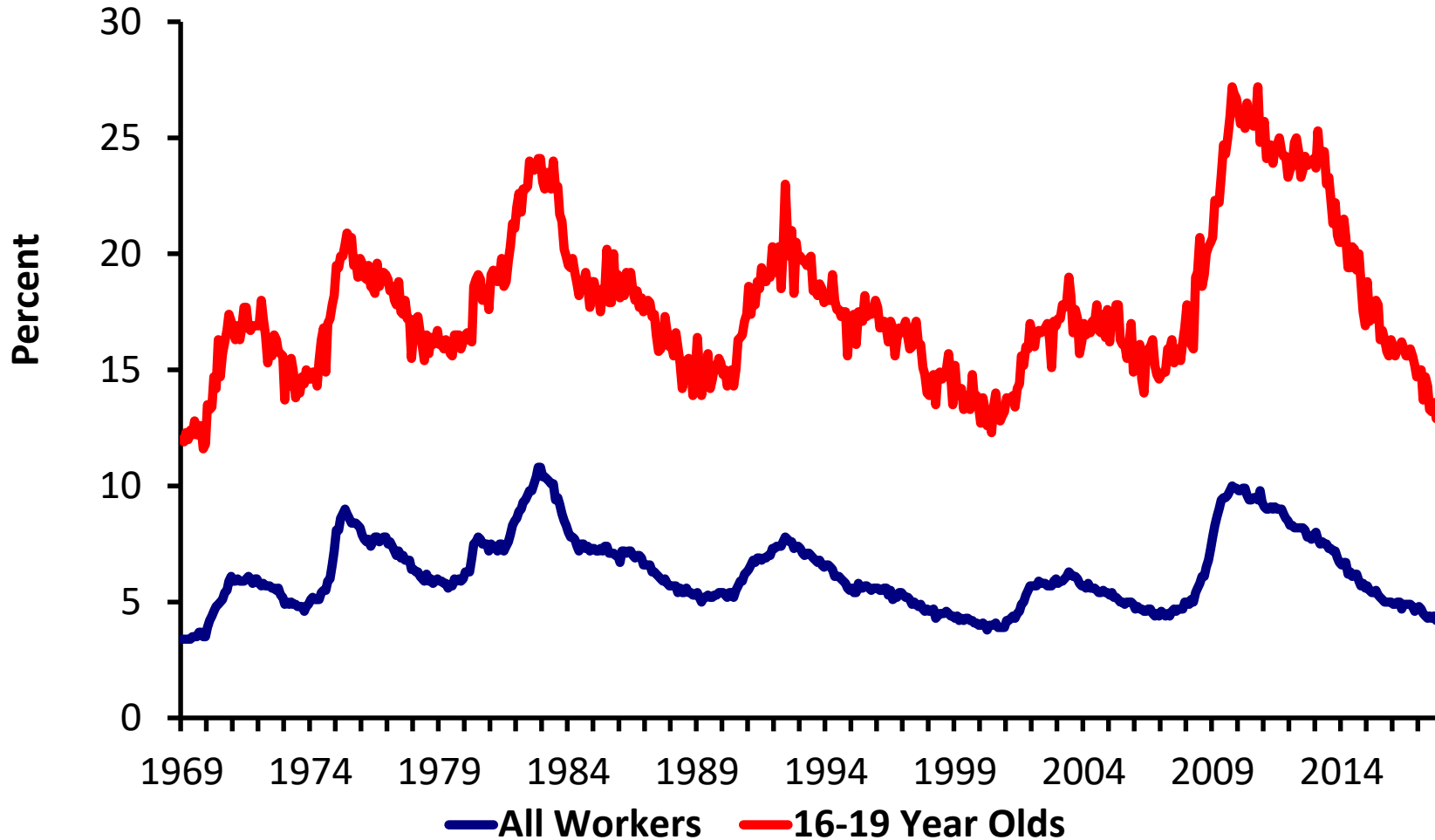
Data points through Q2 2017

Private Sector Employment: All Time High



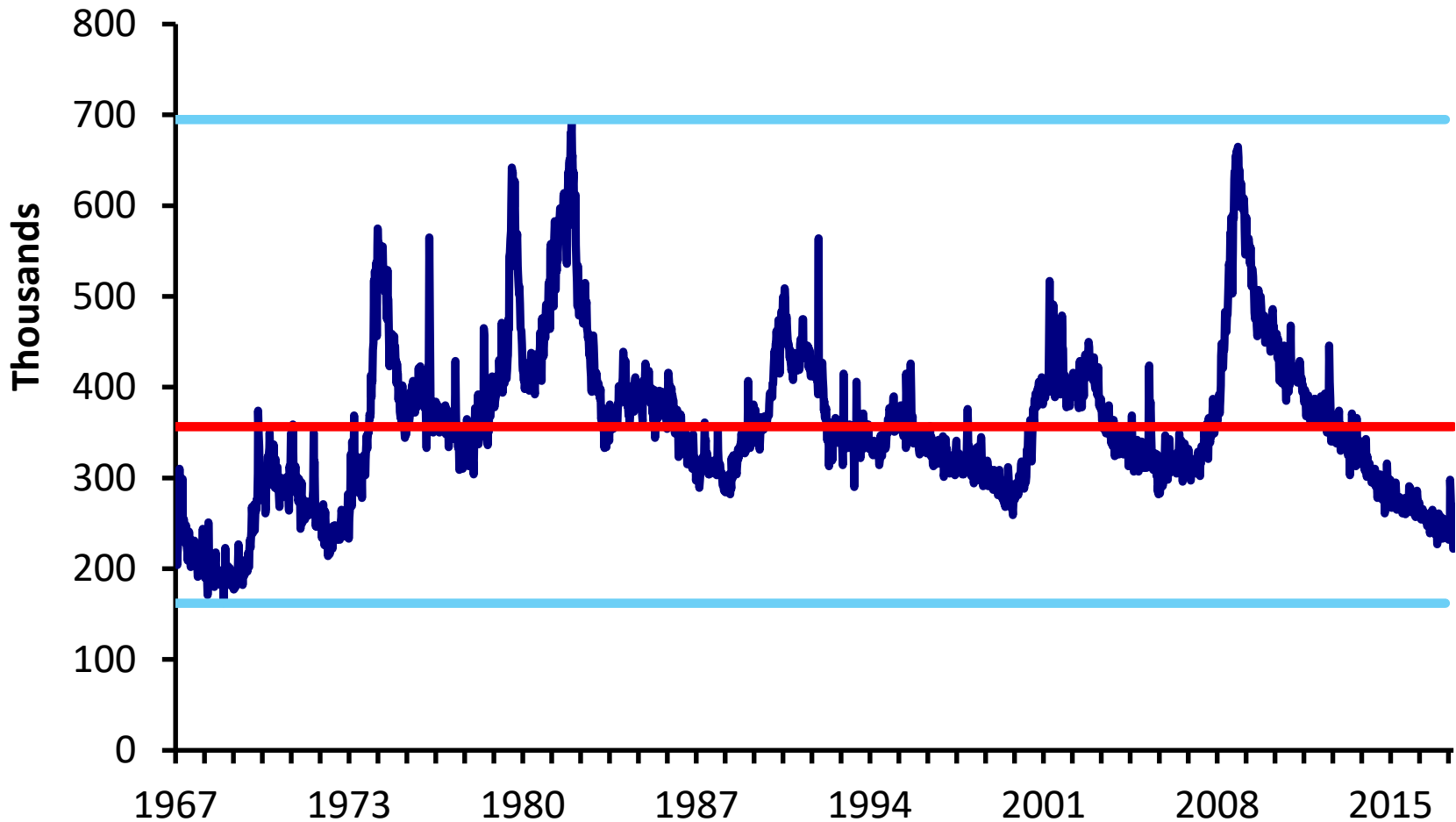
Data points through September 2017

Civilian Unemployment Rate: Nearing Lows



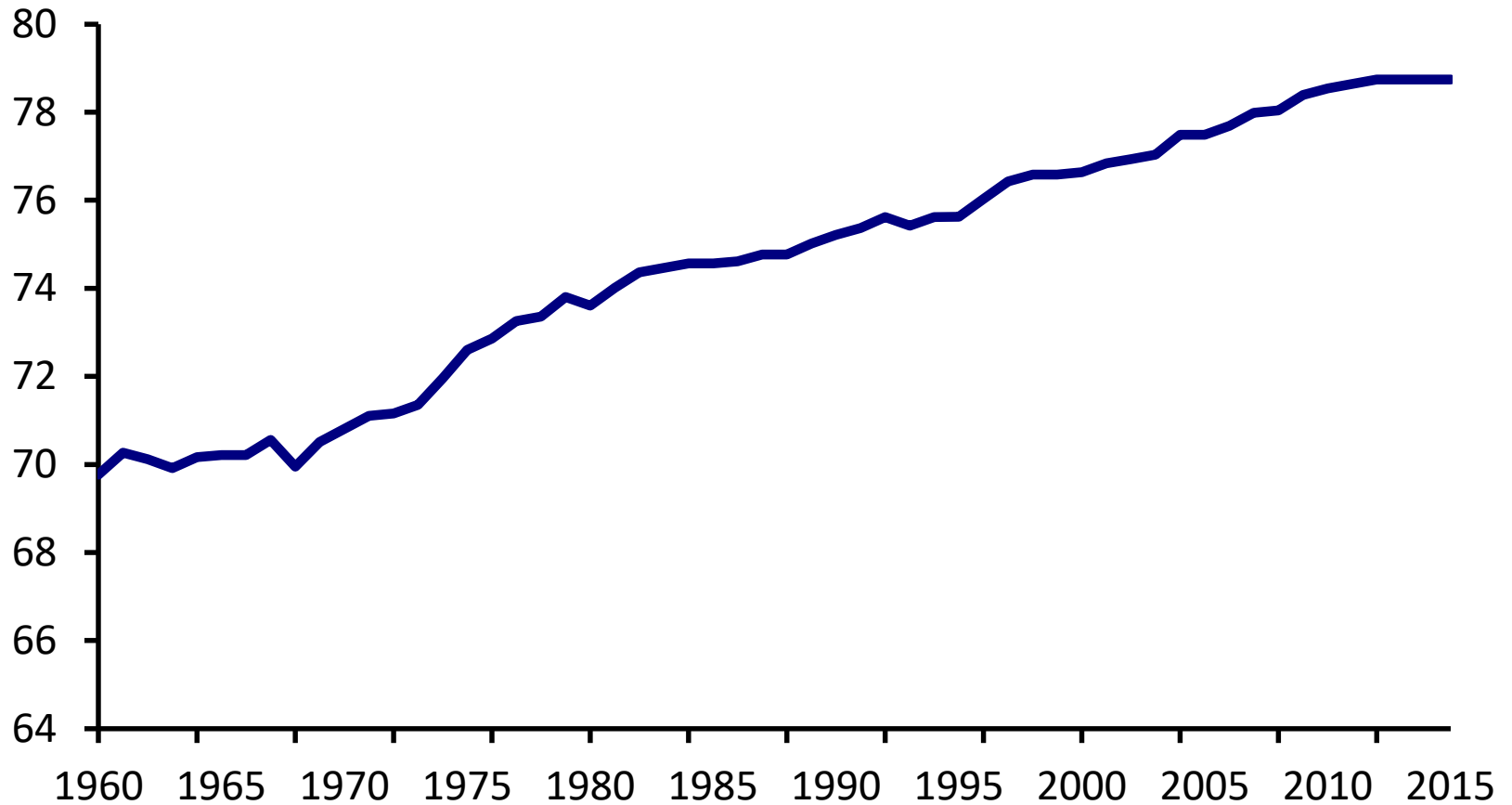
Data points through September 2017

Weekly Initial Unemployment Insurance Claims: Very Strong



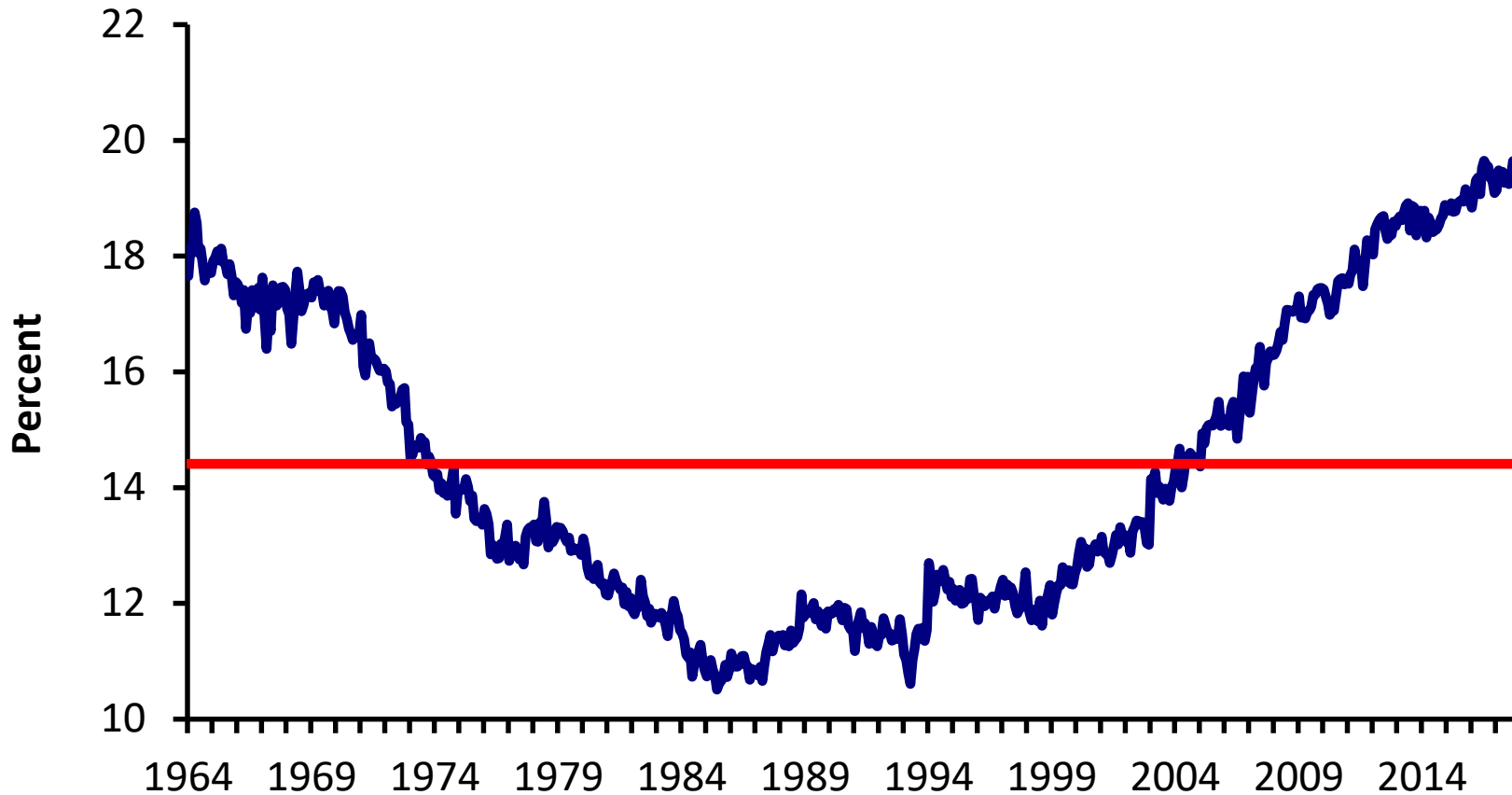
Data points through Oct 14, 2017

U.S. Life Expectancy At Birth: We Live 6 Weeks Longer Per Year



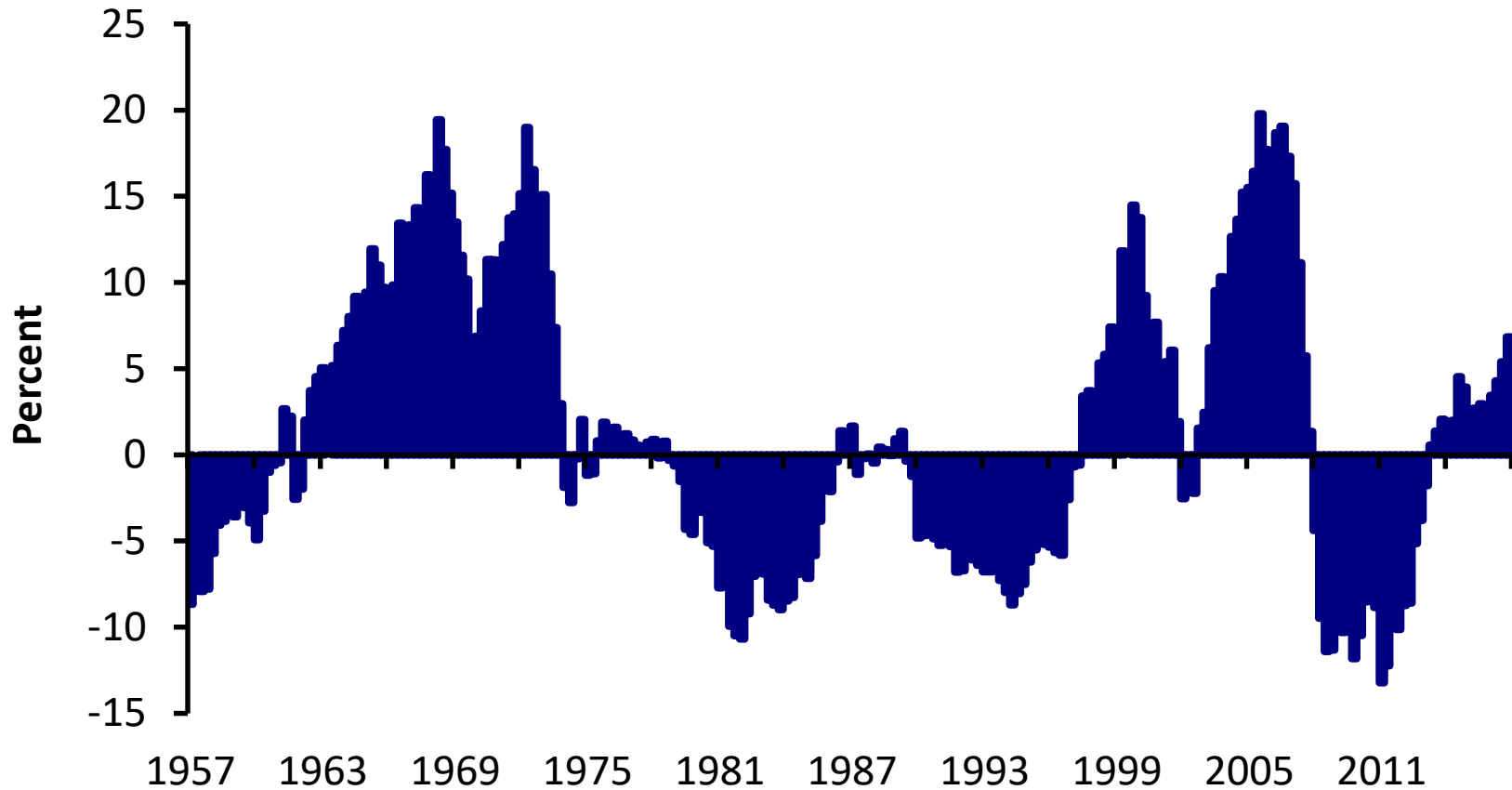
Data points through 2015

Labor Force Participation Rate 65+: And Choose To Work Longer



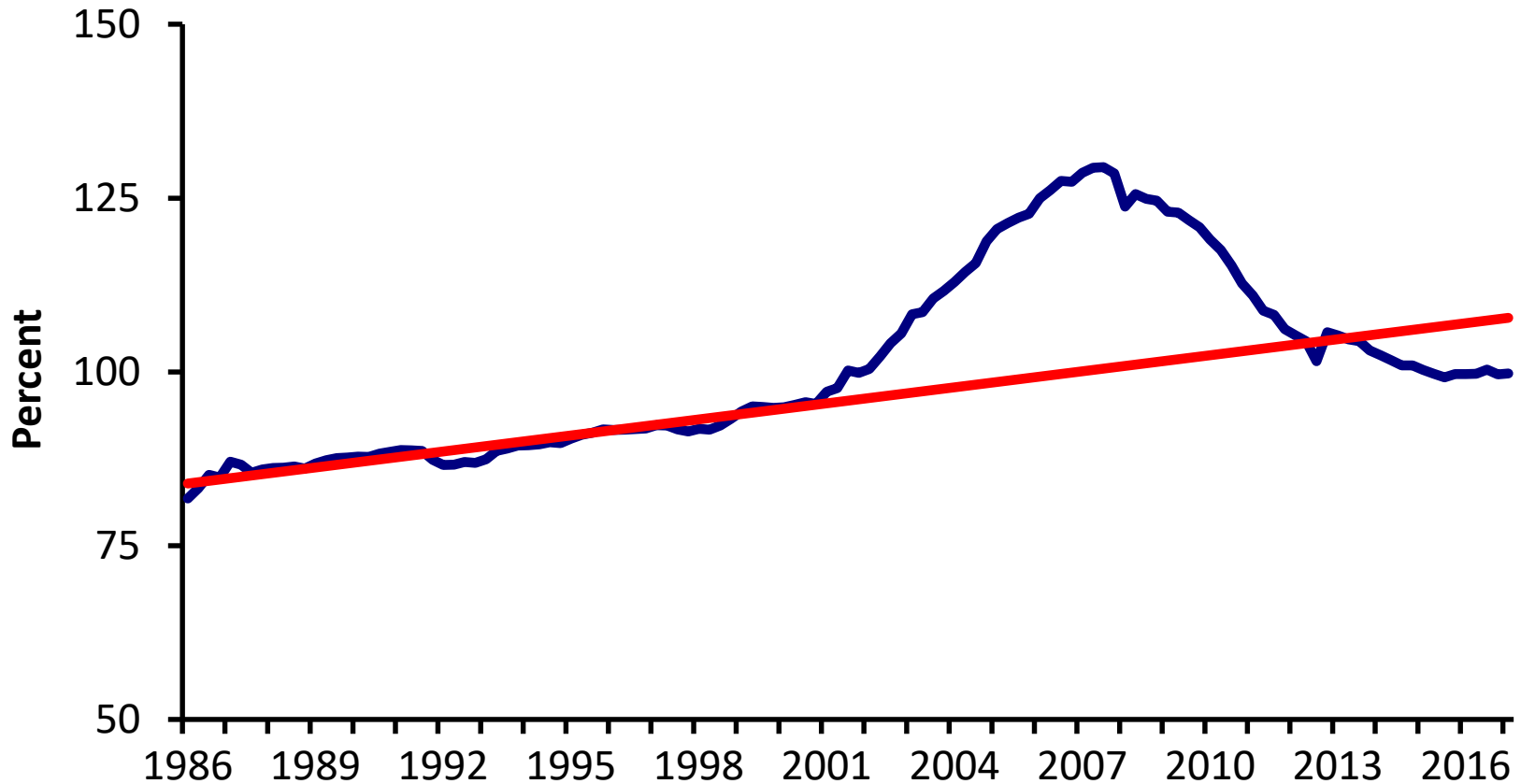
Data points through September 2017

Real U.S. Net Worth Per Household Percent Gap Above (Below) Trend: Not Crazy



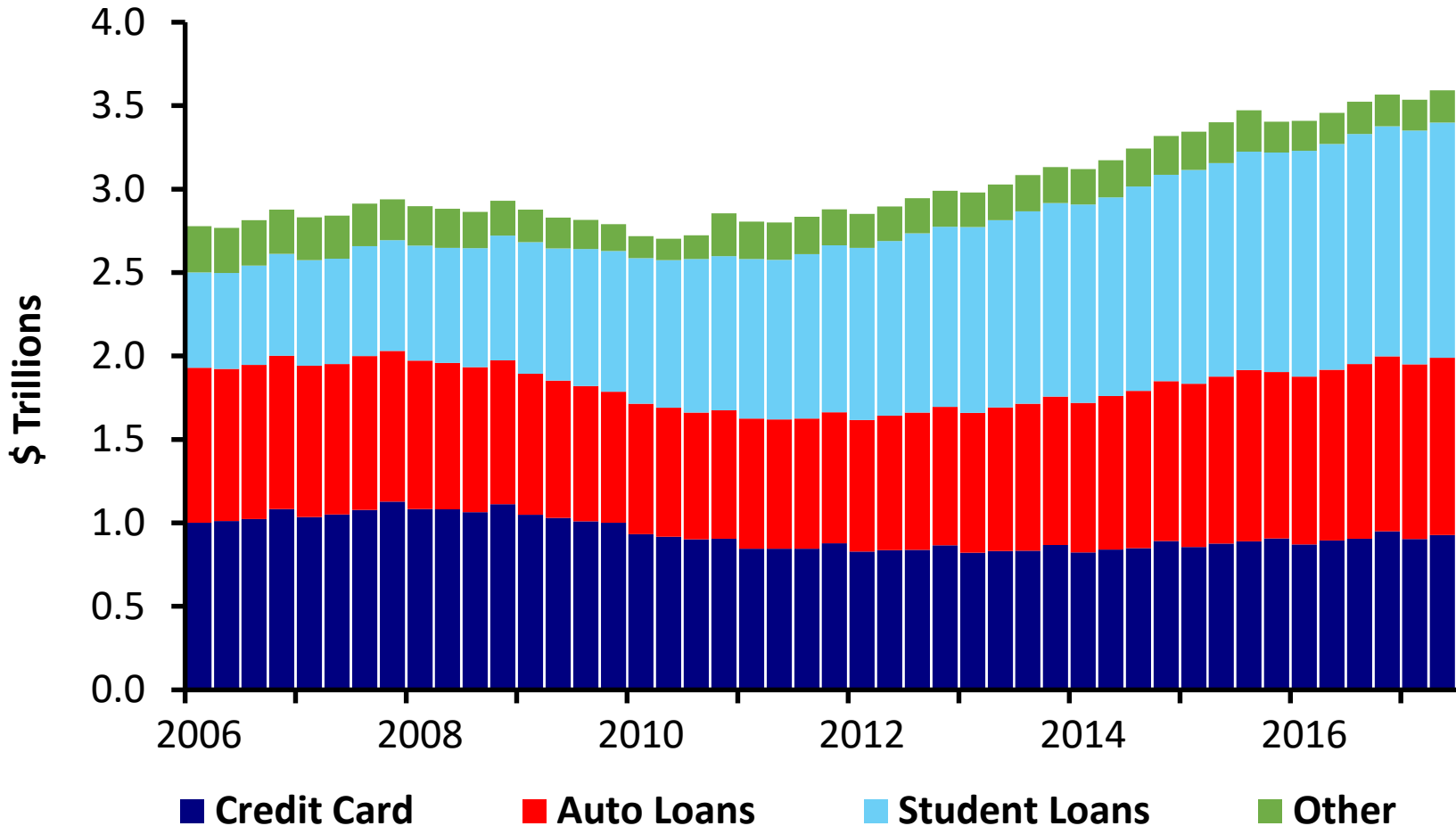
Data points through Q2 2017

Household Debt As Percent of Disposable Personal Income: Low Burden



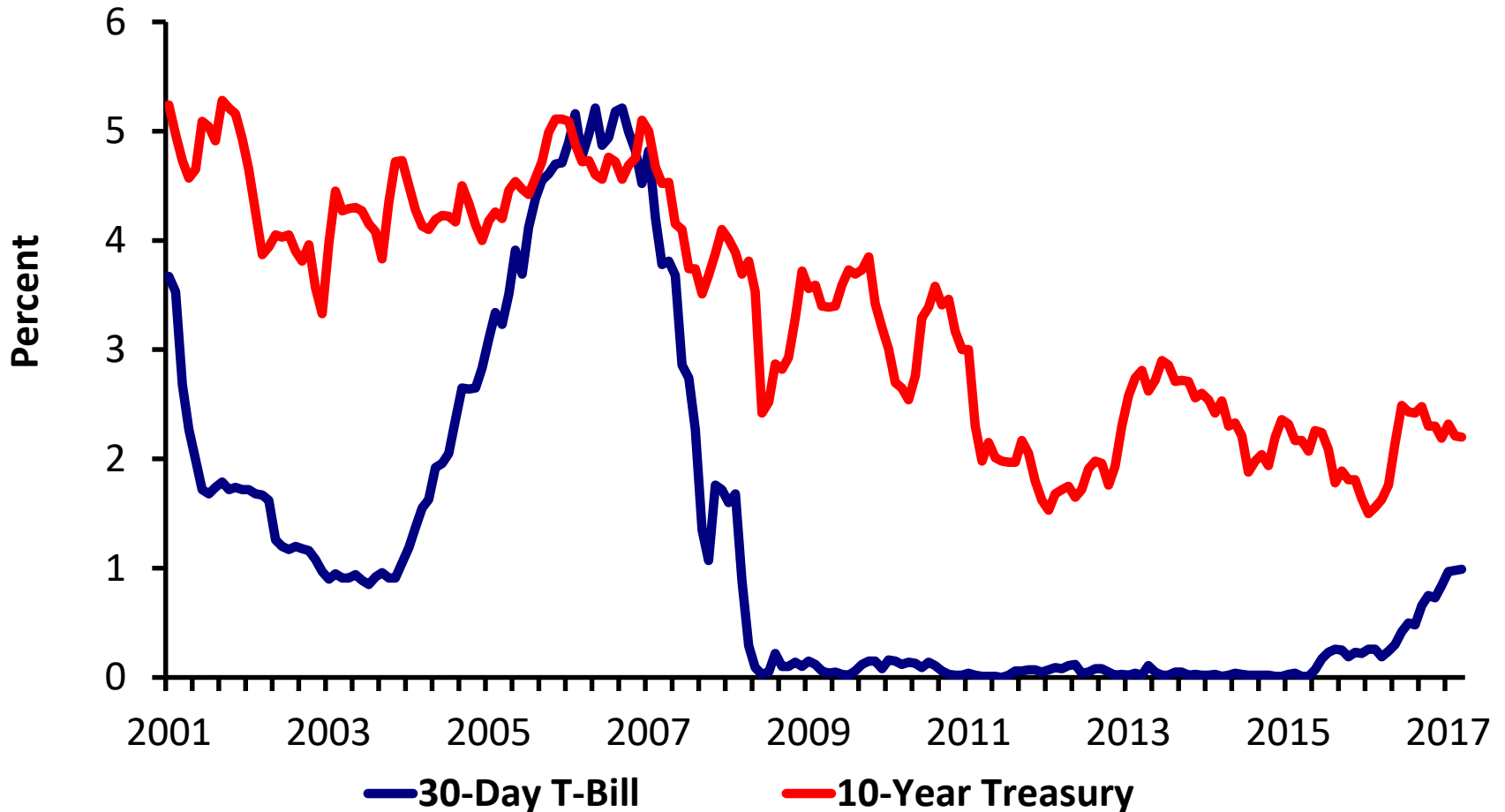
Data points through Q2 2017

Real U.S. Consumer Debt: Student Loans Have Replaced Credit Cards



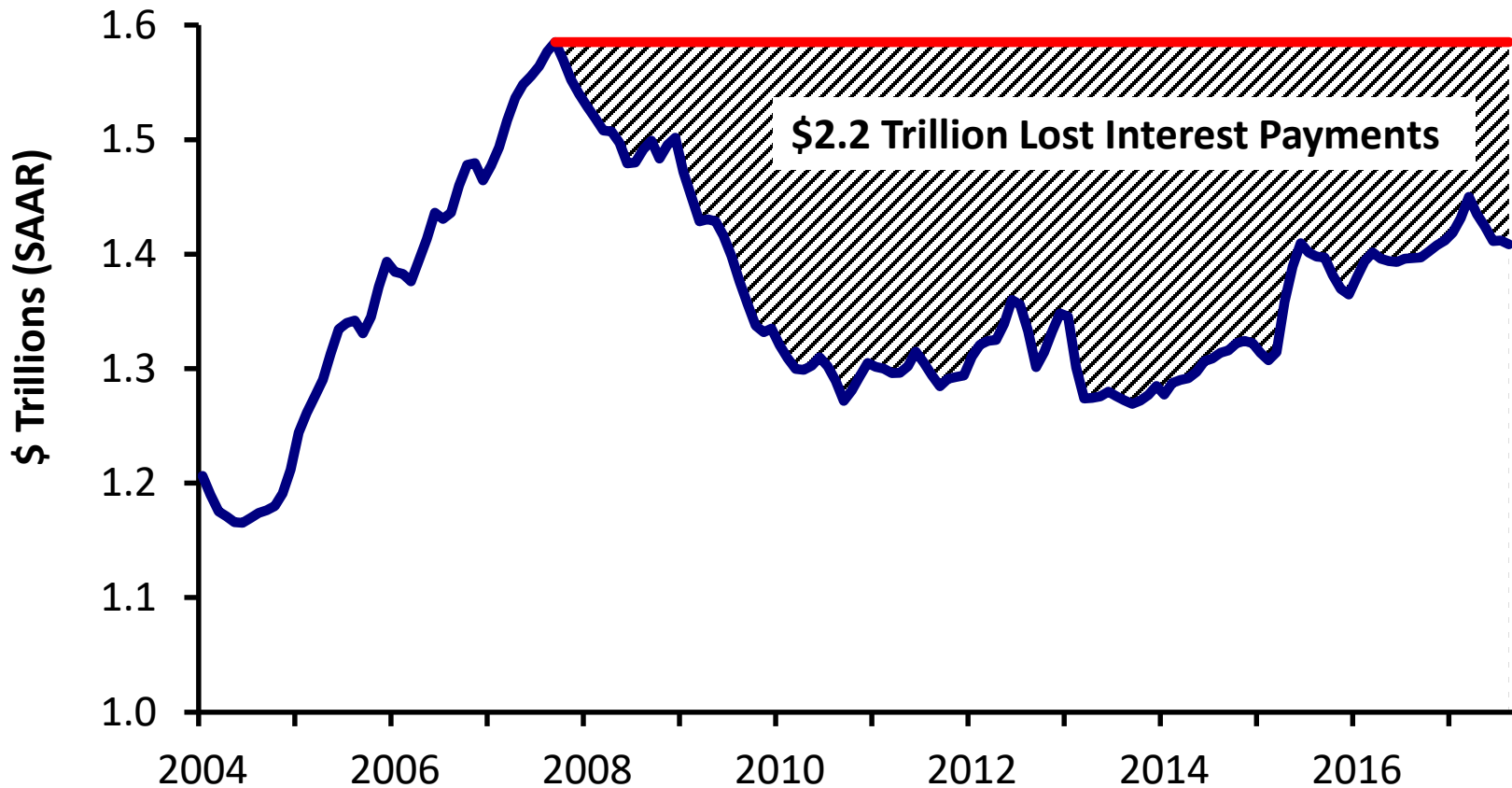
Data points through Q2 2017

Treasury Yields: Low Rates Kill The Economy, By Killing Housing And Cash Hoarding



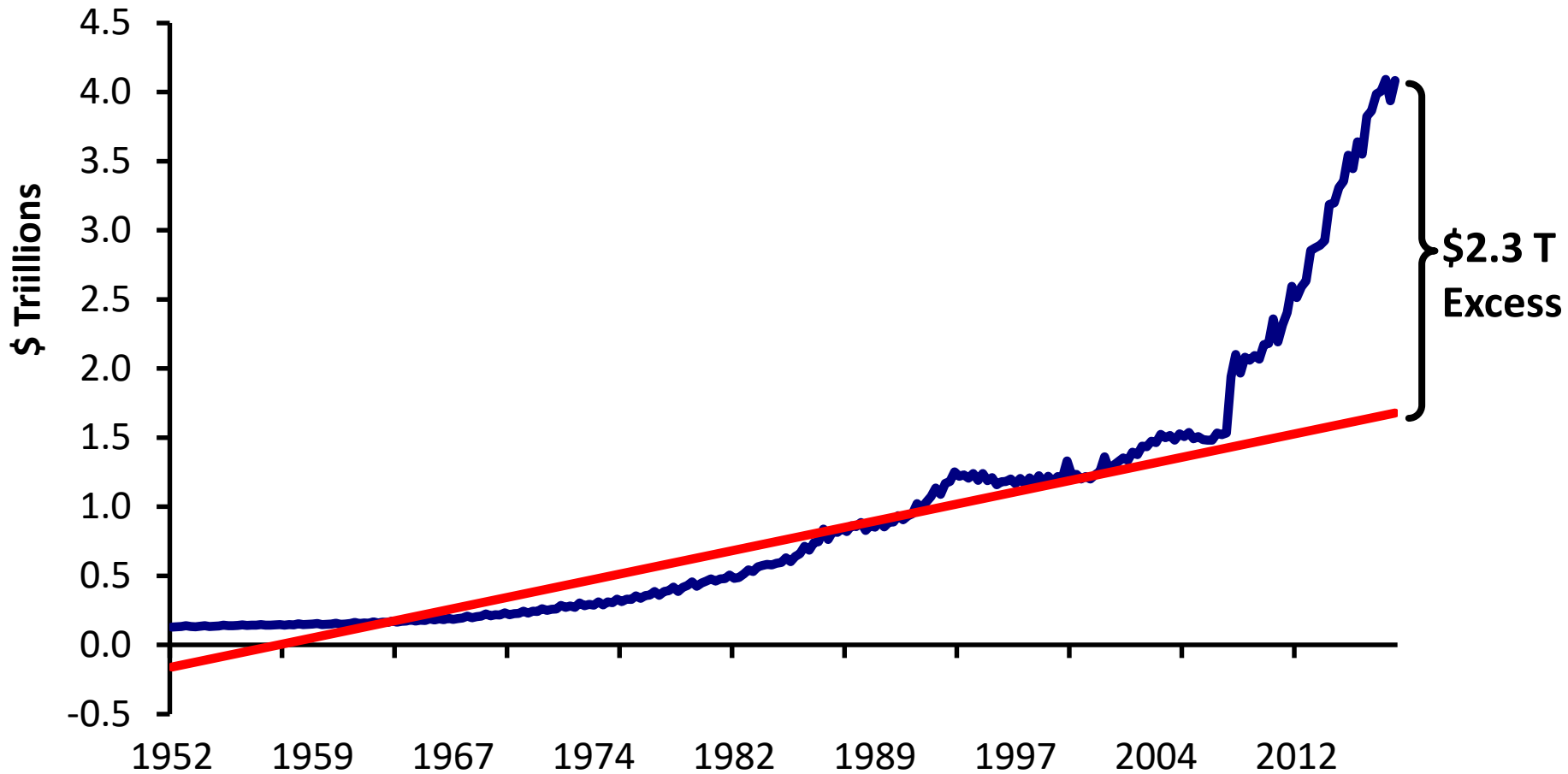
Data points through September 2017

Real Income from Interest Payments: Savers Have Been Robbed By The Fed



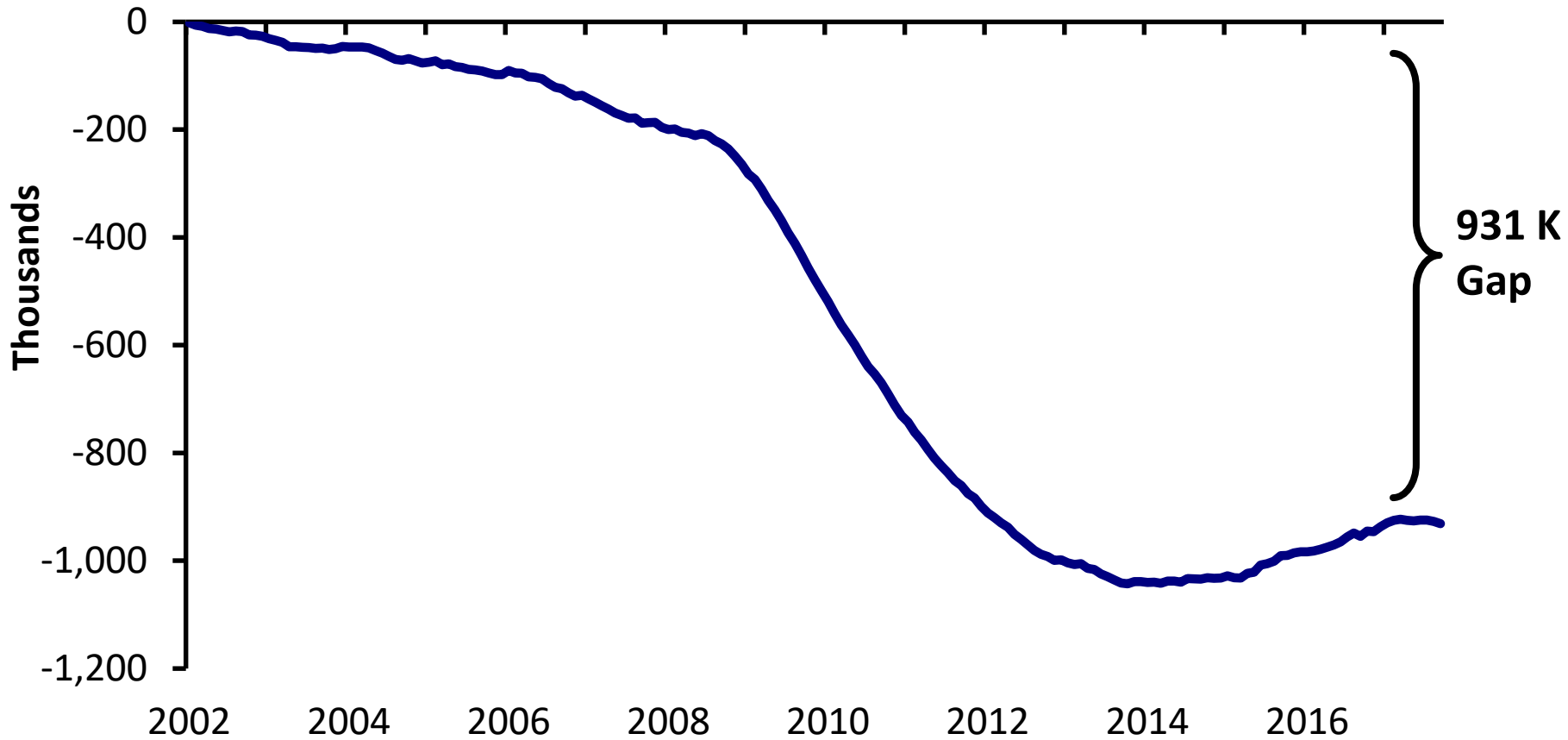
Data points through August 2017

Total Checkable Deposits And Currency: Excess Cash Not Producing Growth



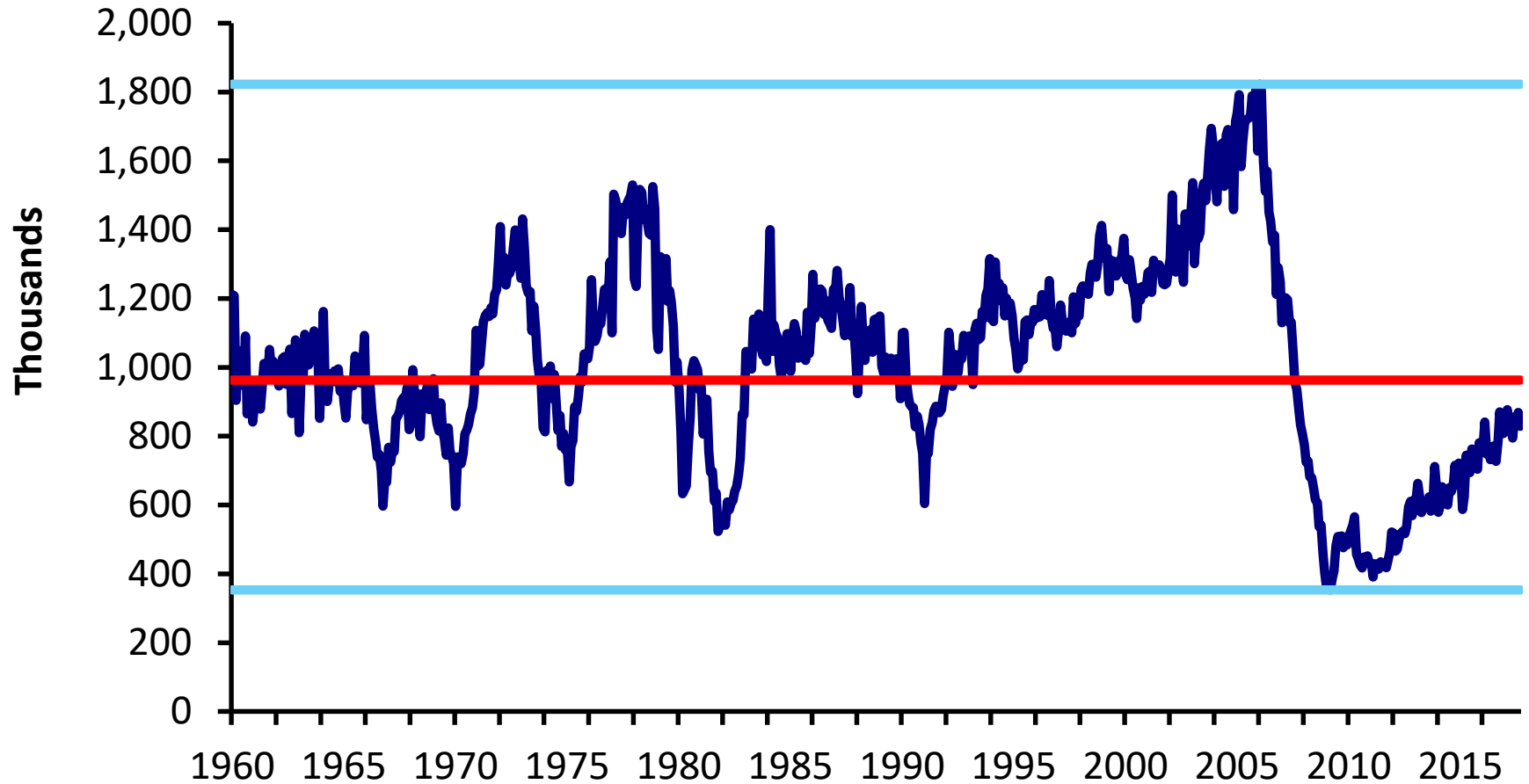
Data points through Q2 2017

Cumulative Shortage of Multifamily Starts: Still High



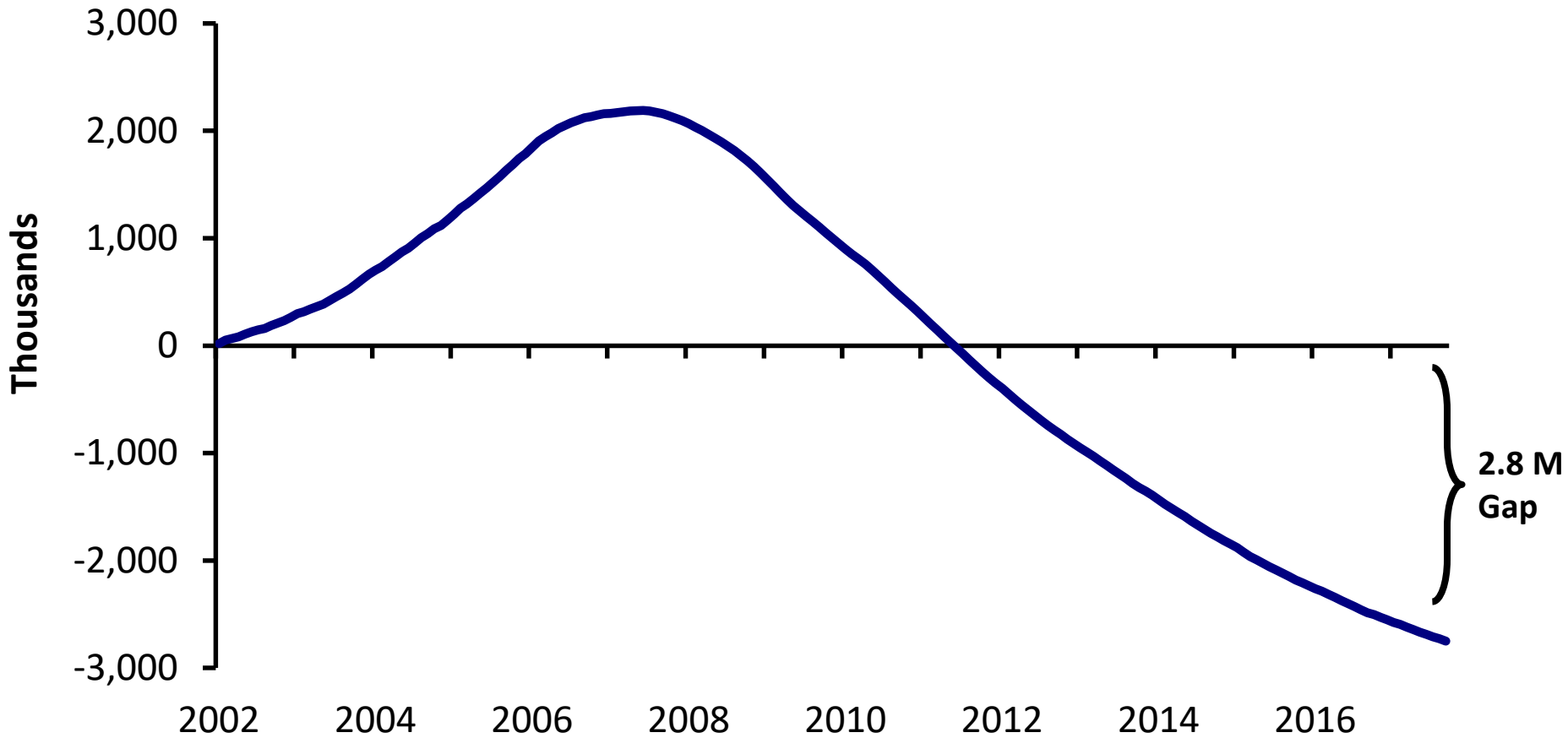
Data points through September 2017

Single Family Home Starts: Up 100% And Still 134,000 Units Below Average



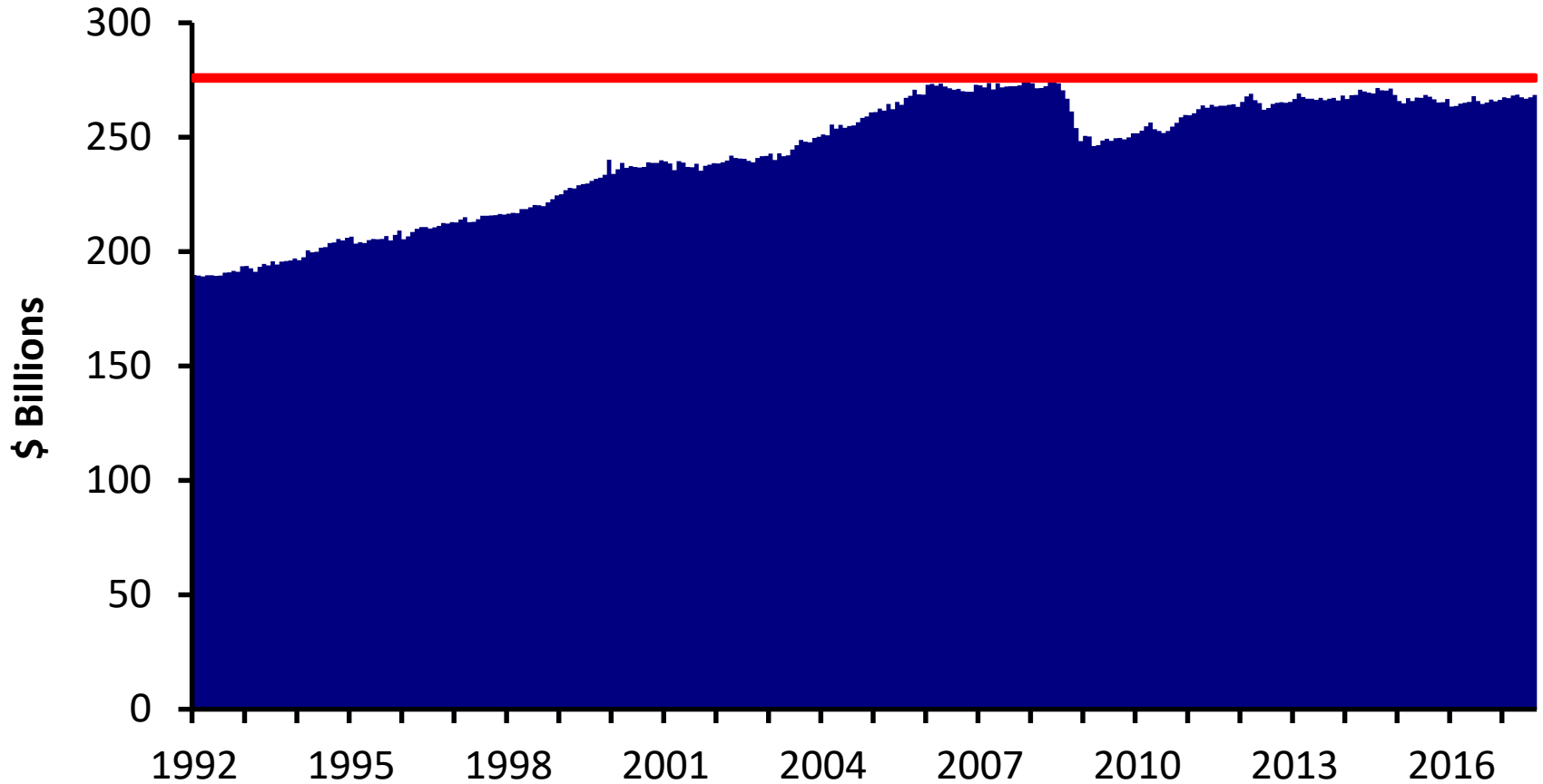
Data points through September 2017

Cumulative Shortage of Single-Family Starts: Huge And Growing



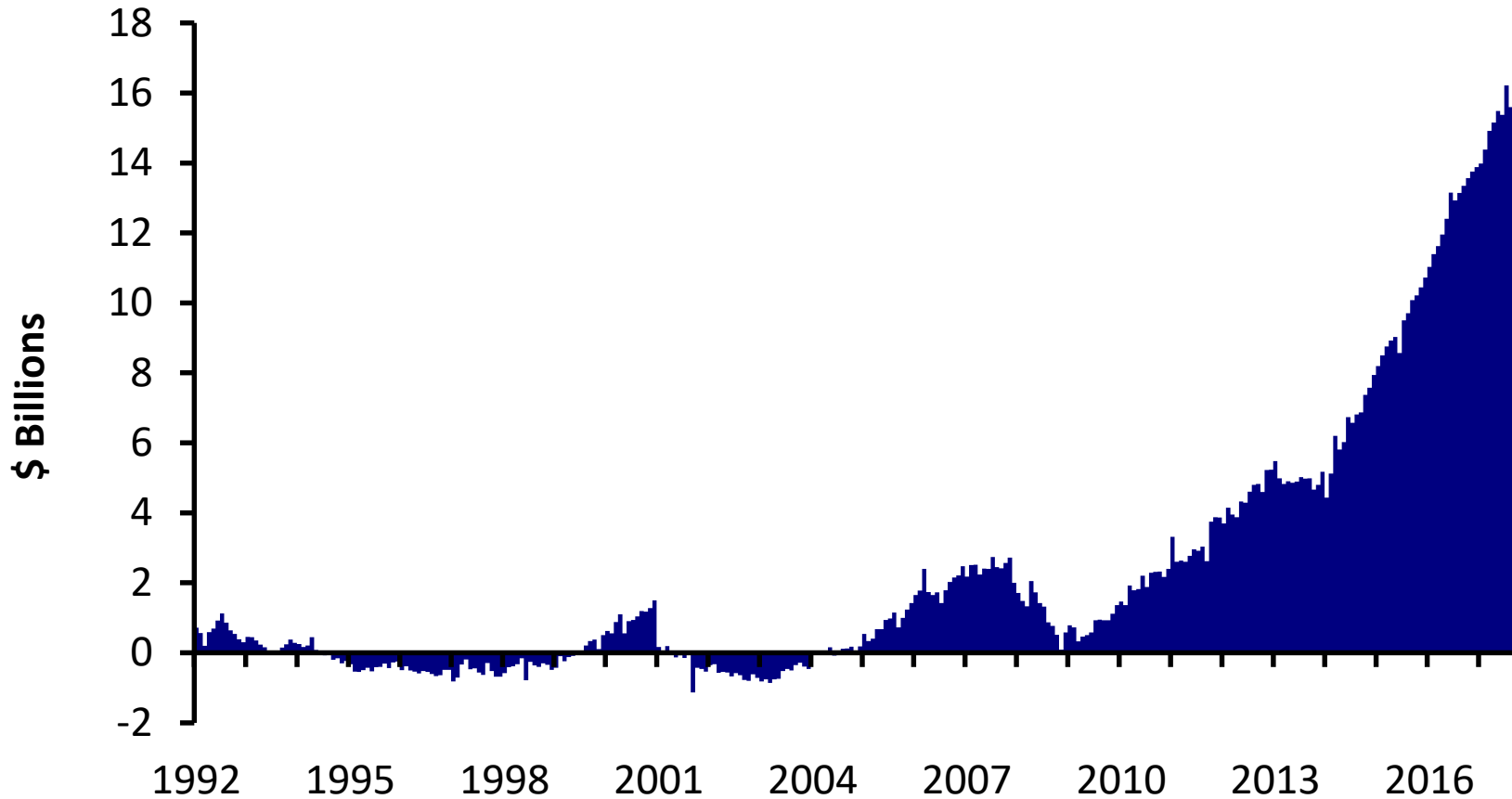
Compared to 1971-2001 Average. Data points through September 2016

Estimated Real Monthly "Brick" Retail Sales: Flat, Flat, Flat



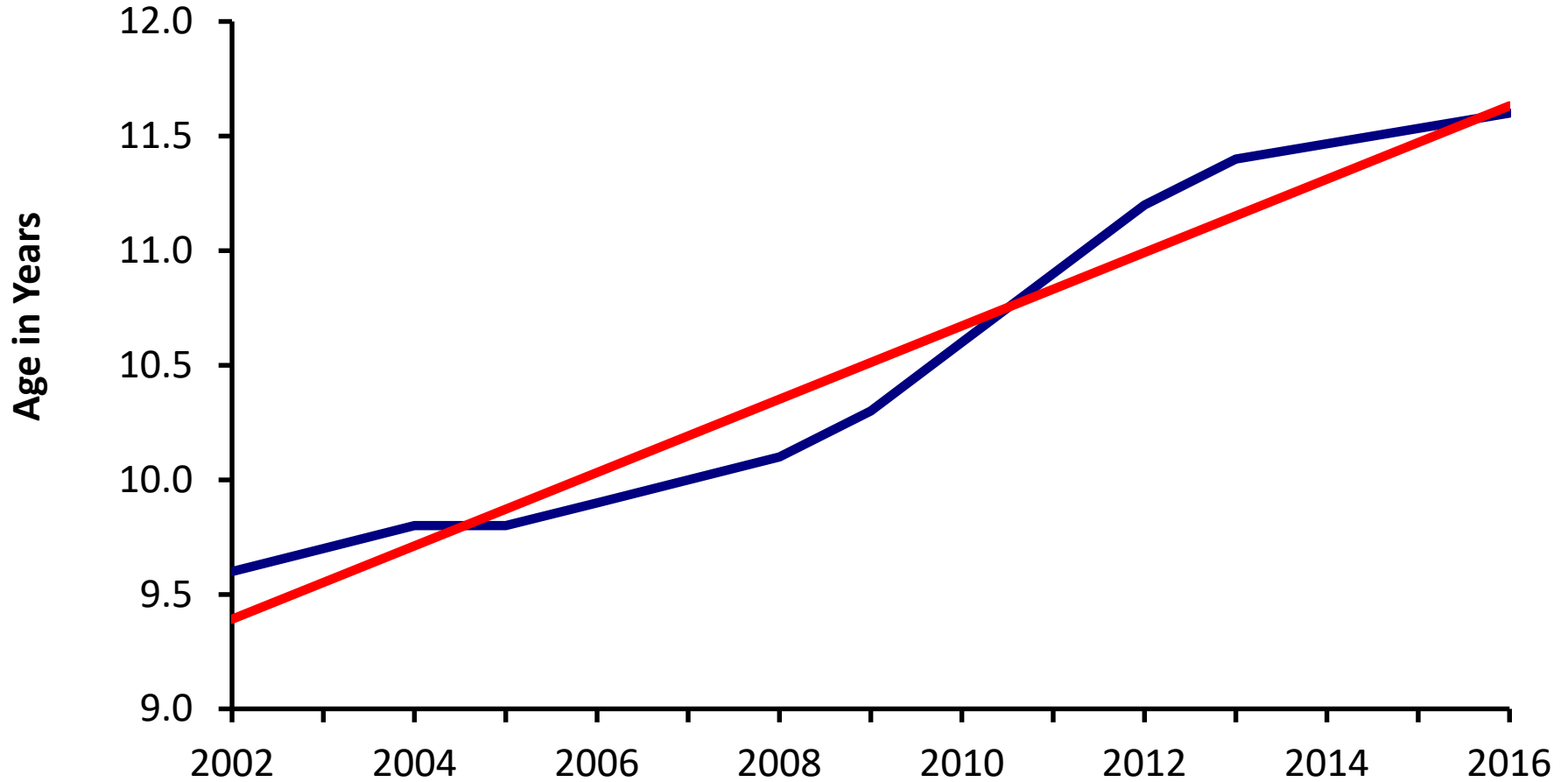
Data points through August 2017

Estimated Real Monthly Internet Sales: Rapidly Rising But Still Only 5.7% Of Sales



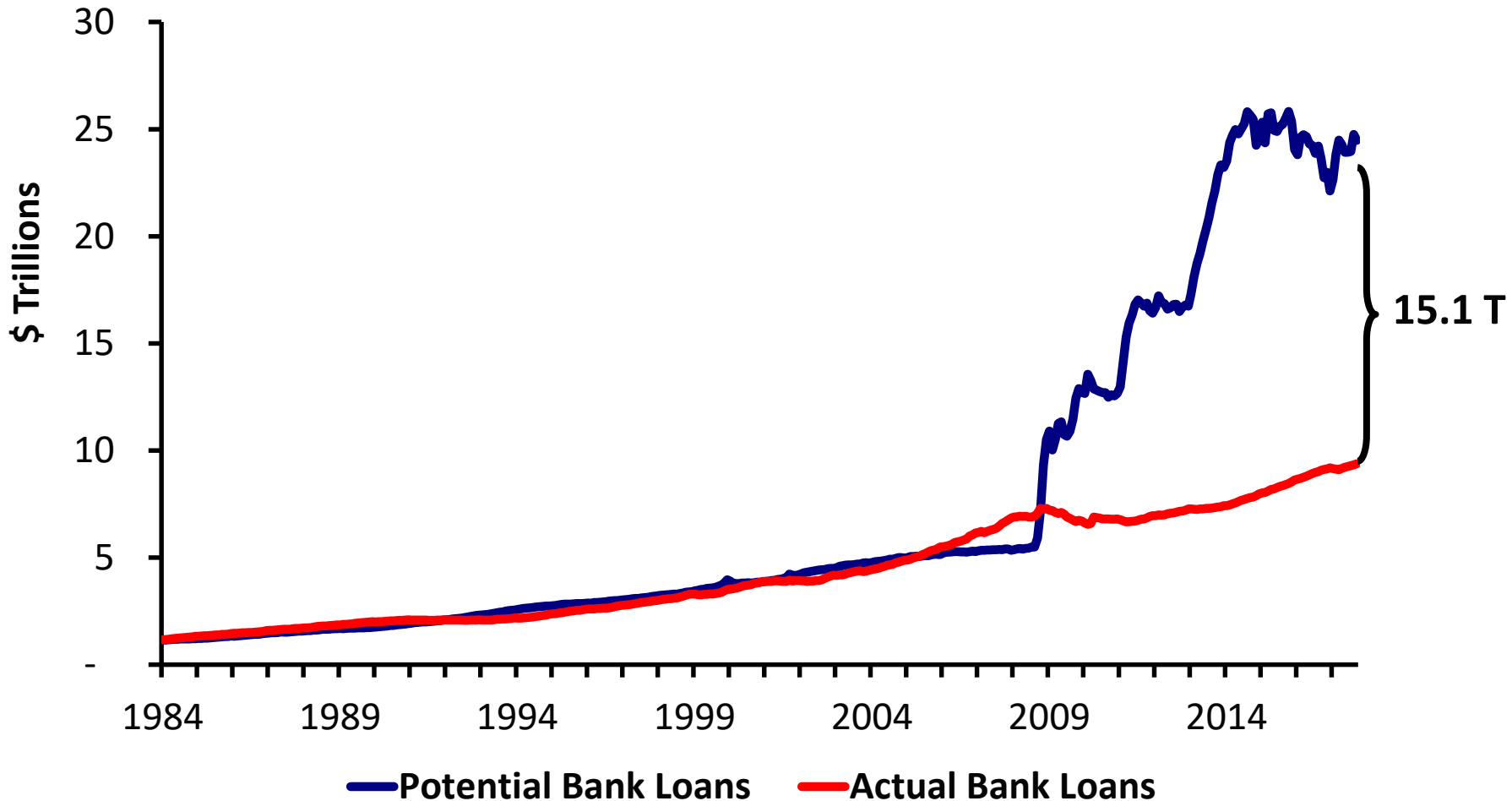
Data points through August 2017

Average Age of U.S. Passenger Cars & Light Vehicles: Back On Trend



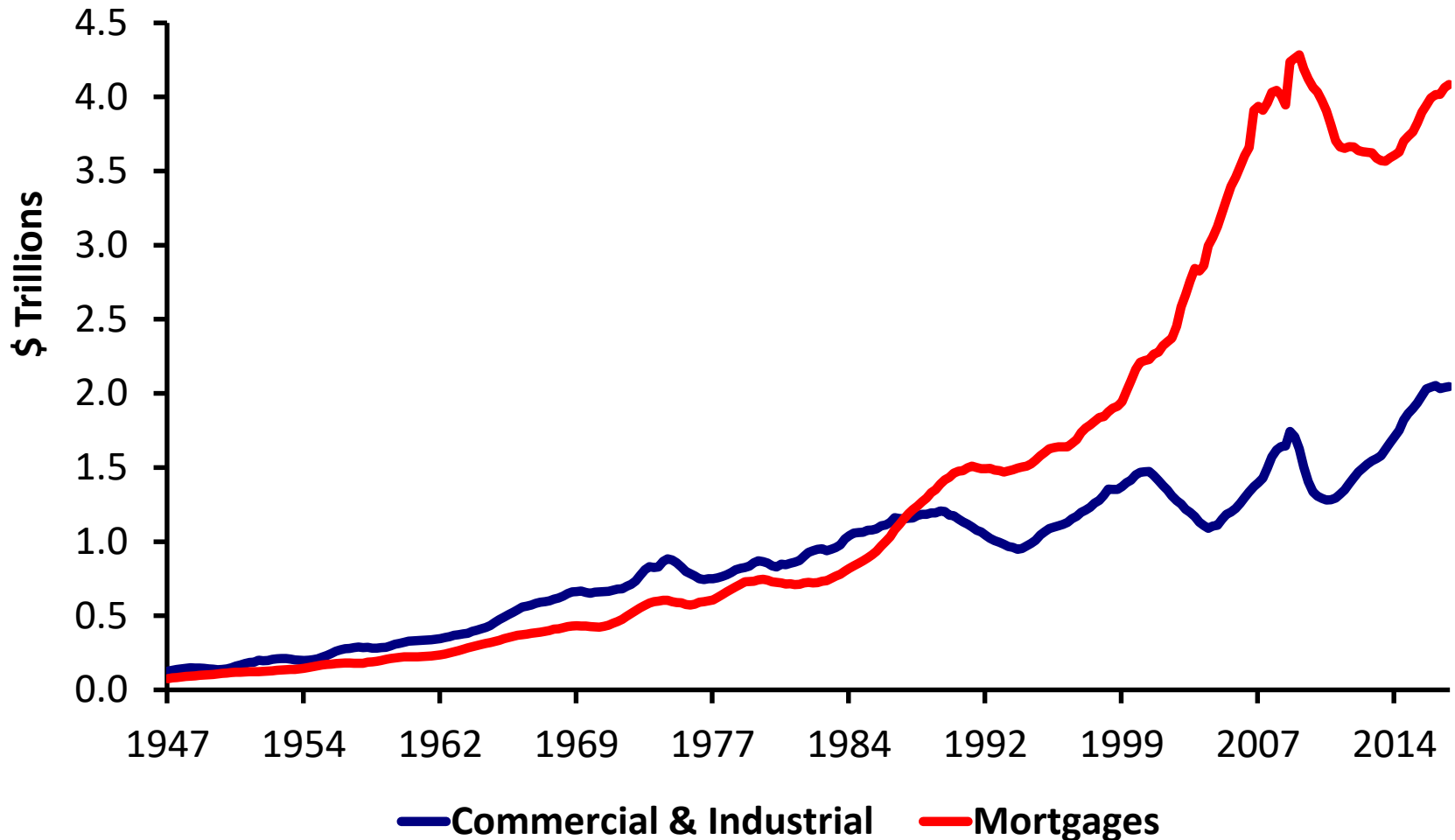
Data points through 2016

Bank Unused Loan Capacity: Still Lots Of Lending Capacity



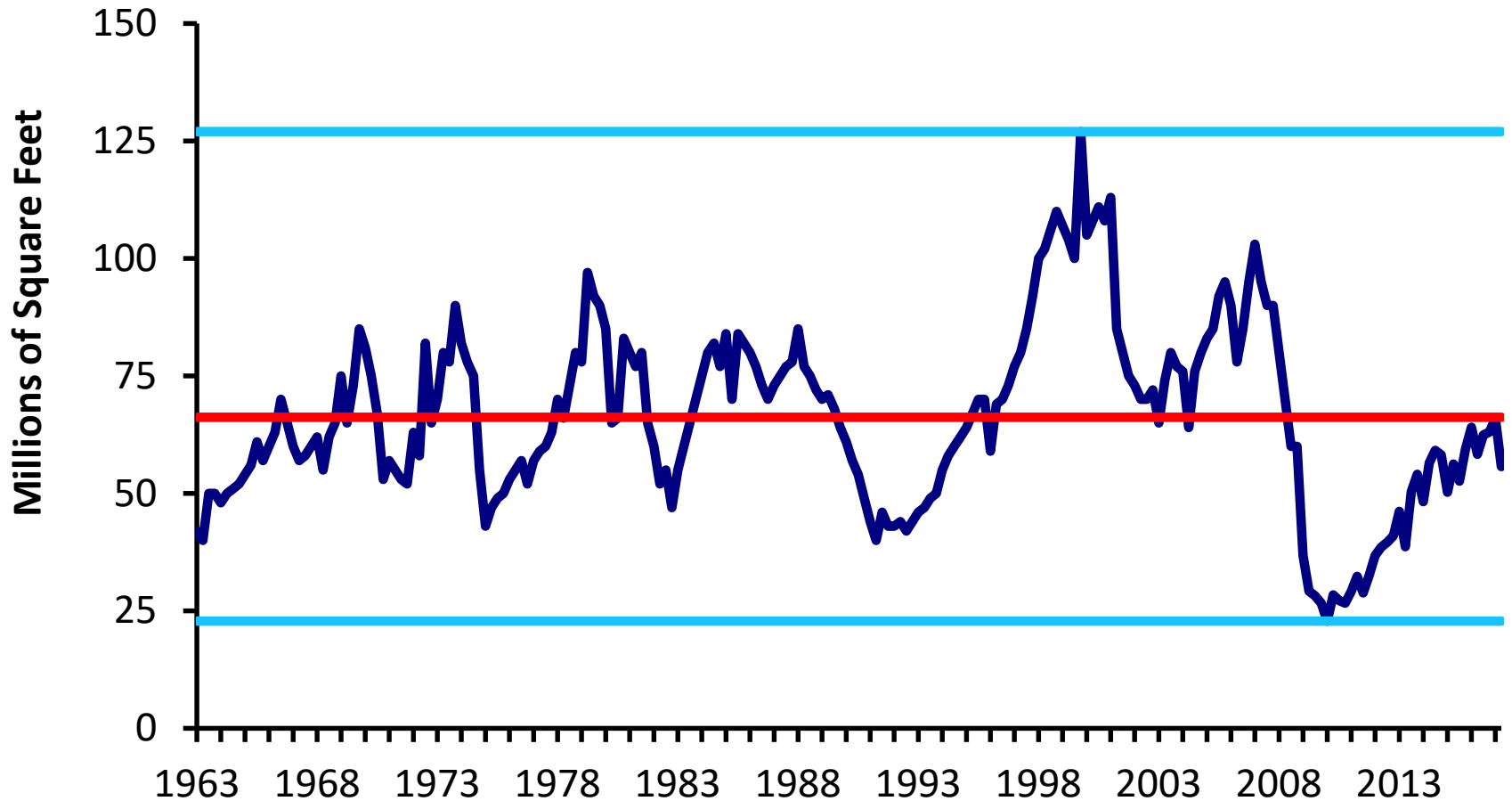
Data points through September 2017

Real Loans Held by Banks: Lending To Real Estate But Below Peak



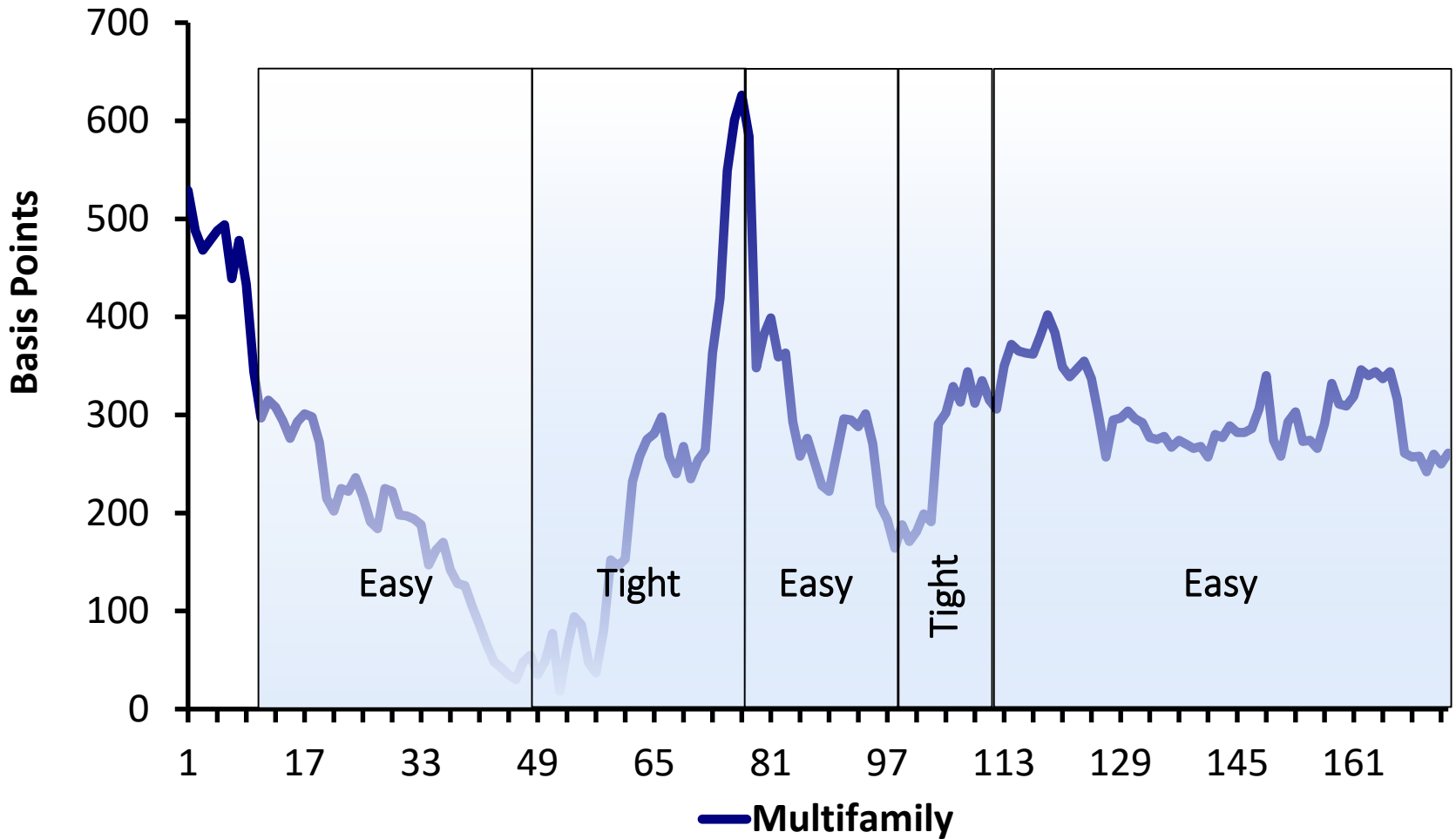
Data points through Q3 2017

Commercial & Industrial Construction Contracts: Footage Amazingly Restrained



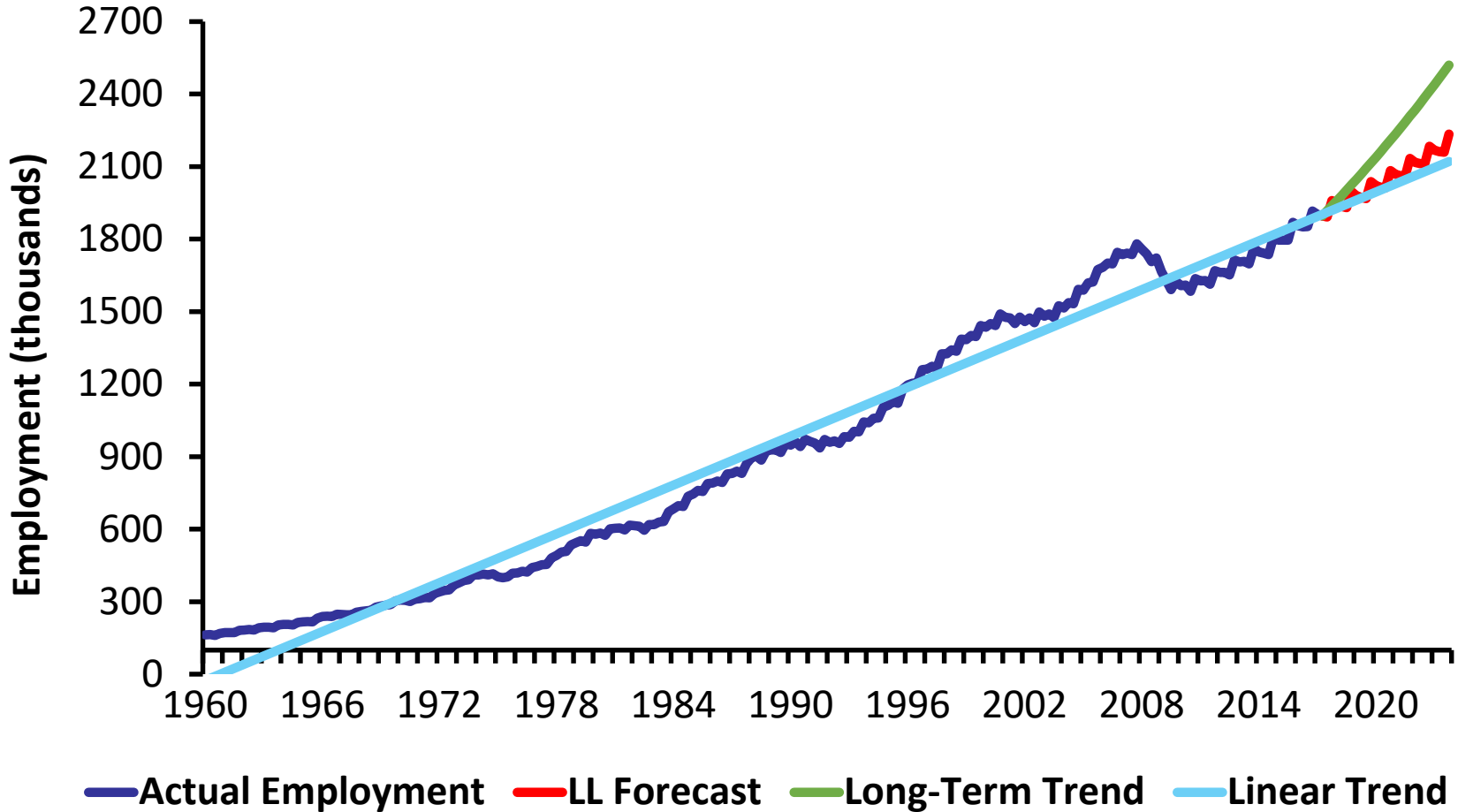
Data points through Q2 2017

REIT Implied Cap Rate Spread over 10-Year Treasury: Not Crazy



Data points through September 2017

Phoenix Employment










Data points through Q2 2017

Phoenix MSA Employment Summary

Unemployment Rate	4.2%
Jobs Added Past Year	34,300
Jobs Growth Past Year	1.7%
Jobs Growth Past Decade	5.4%
Employment Alpha	0.6%
Employment Beta	1.9
Employment Breakeven	-0.3%

For Now Lots Of Canaries Are Still Chirping



- PIK Debt 
- Massive mortgage growth 
- Spec development boom 
- First replaces mezz 
- Mezz replaces equity 
- Narrow spreads and rising LTVs 
- Record buyout deals 
- Empty space worth more than full space 