

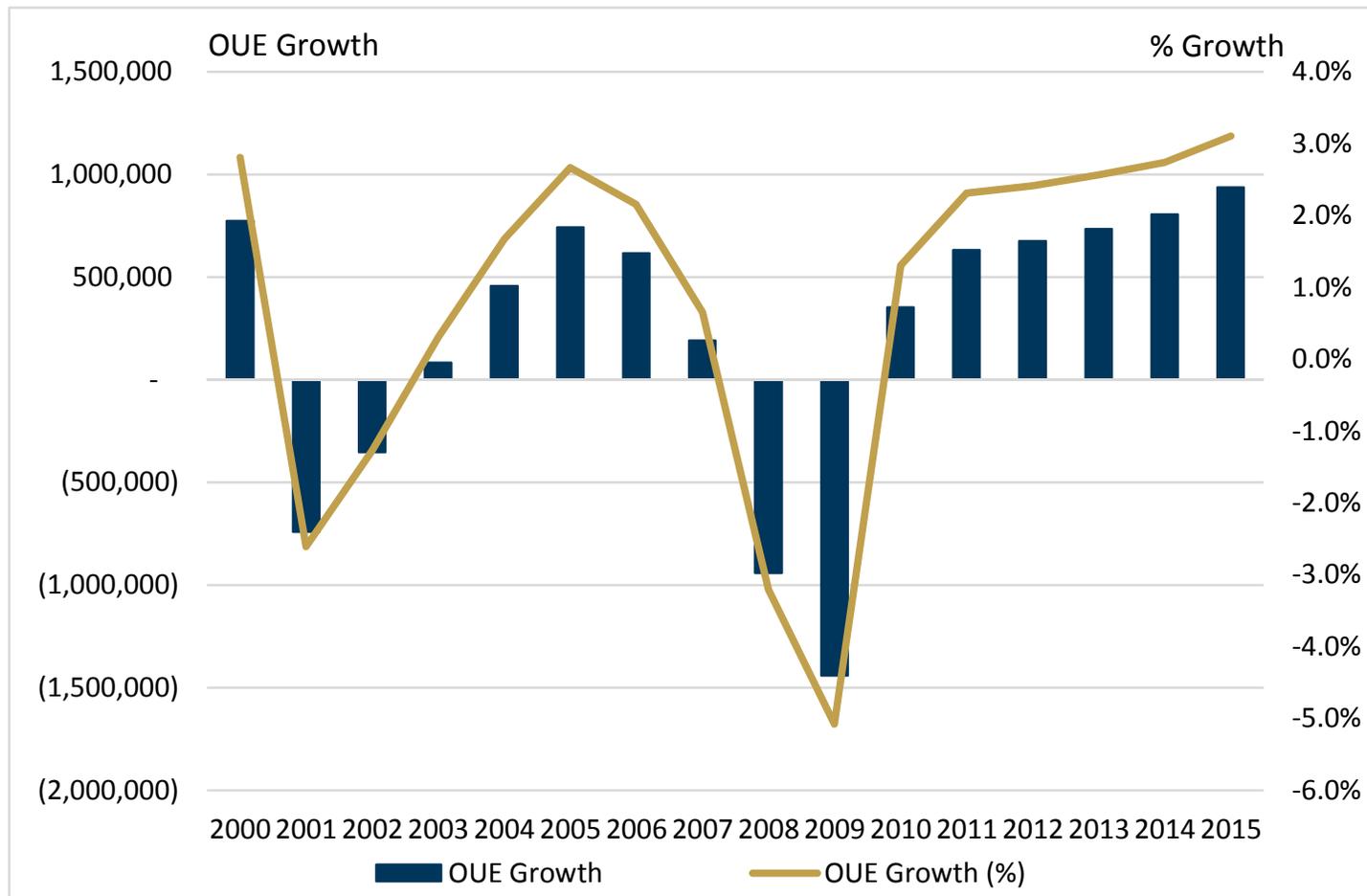


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# **Office Market Update**

October 2015

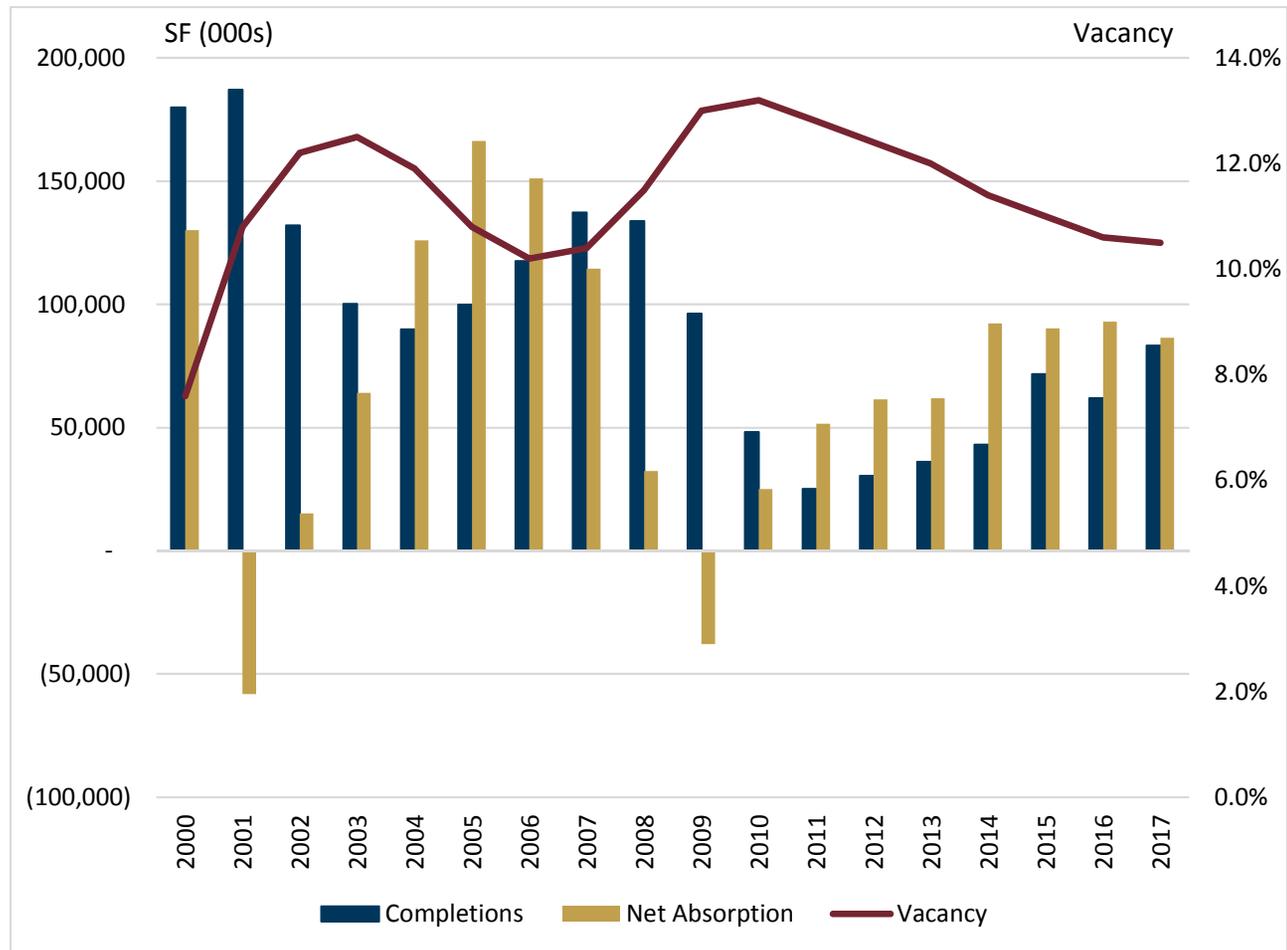
# Office-Using Employment Growth Expected to Remain Strong



Sources: USAA Real Estate Company Research, Moody's Analytics



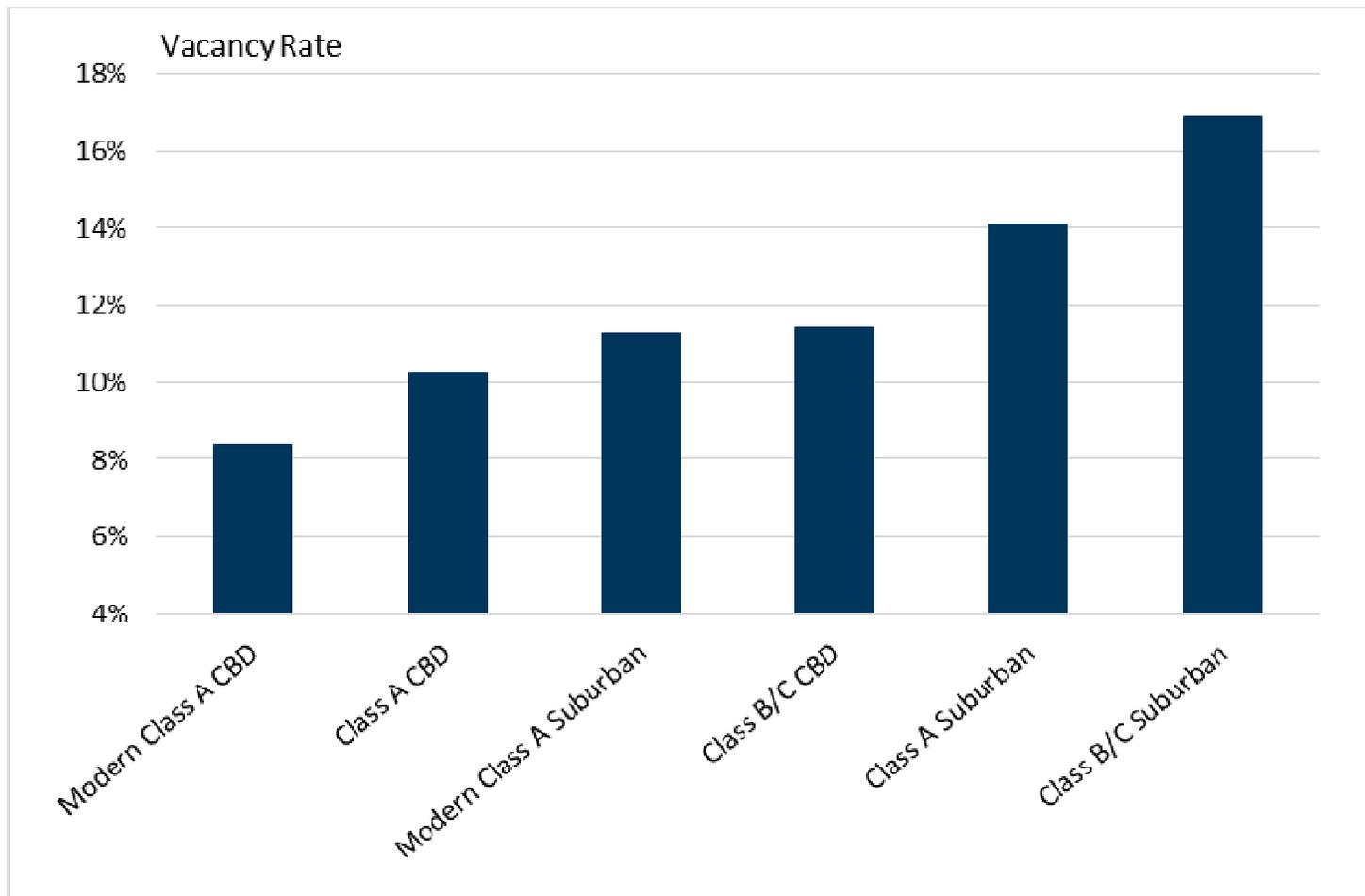
# National Office Fundamentals



Sources: USAA Real Estate Company Research, CoStar Portfolio Strategy



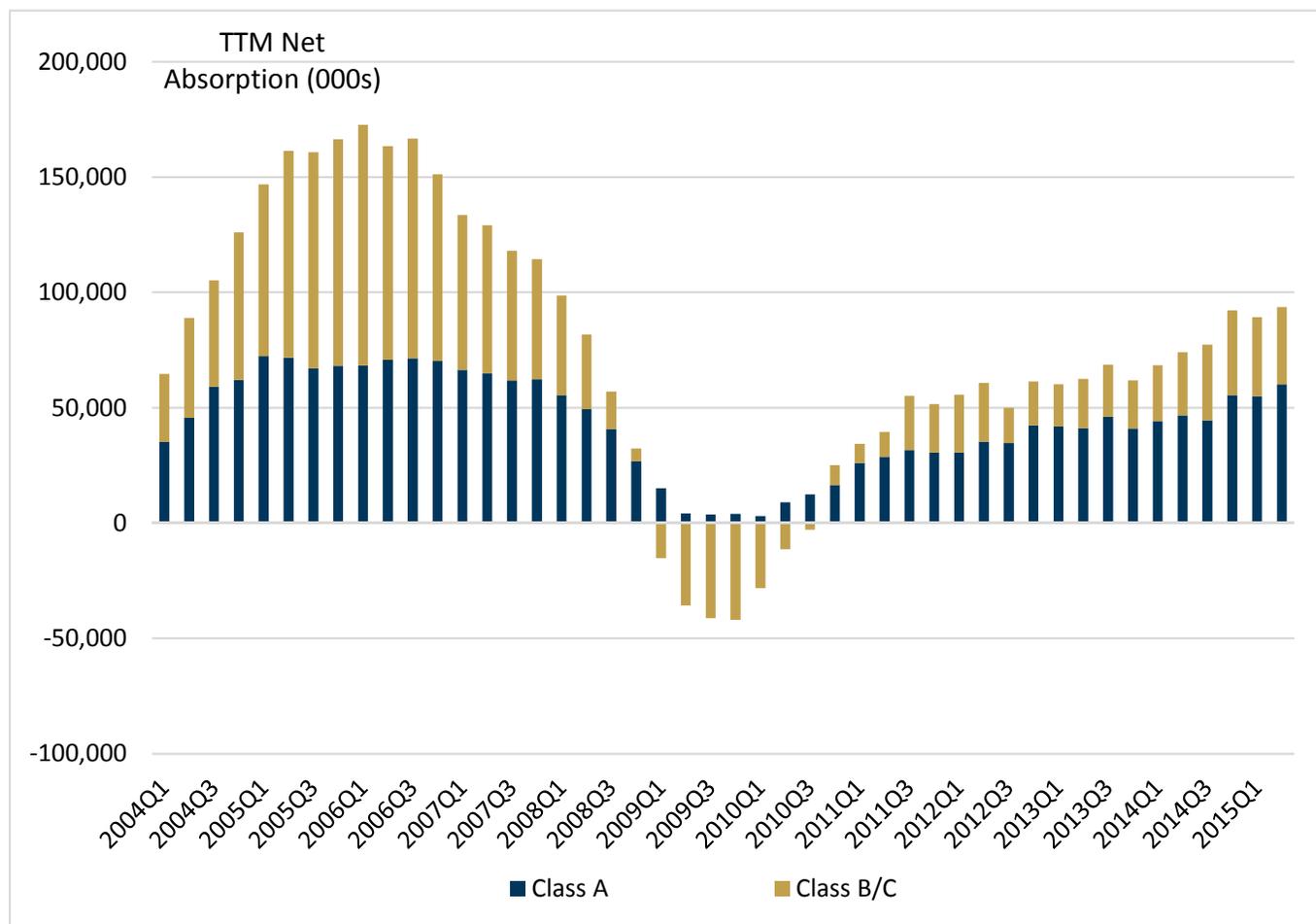
# National Office Vacancy Rates by Class/Location



Sources: USAA Real Estate Company Research, CBRE-EA



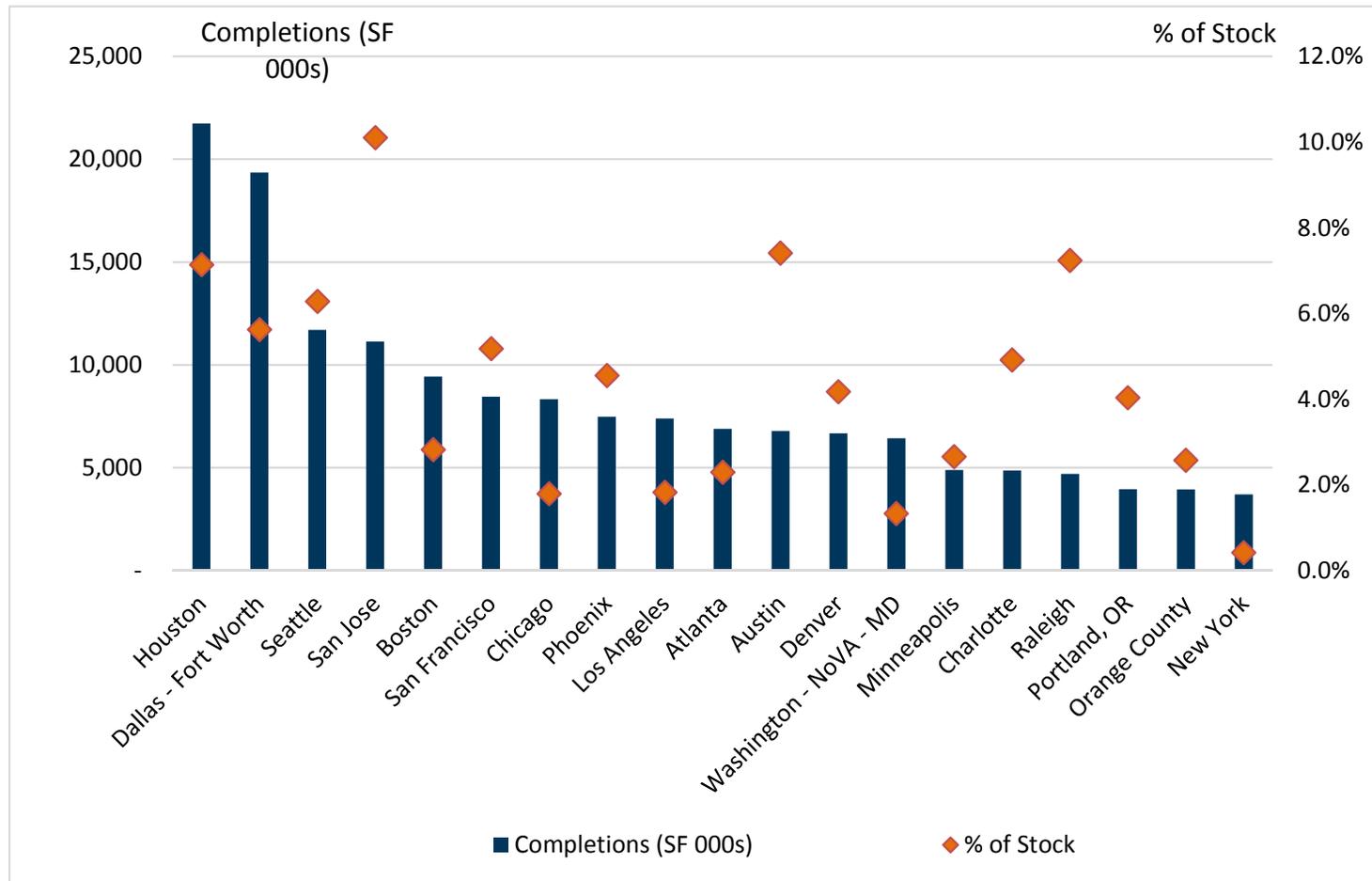
# Class A Office Continues to Take Disproportionate Share of Net Absorption



Sources: USAA Real Estate Company Research, CoStar Portfolio Strategy



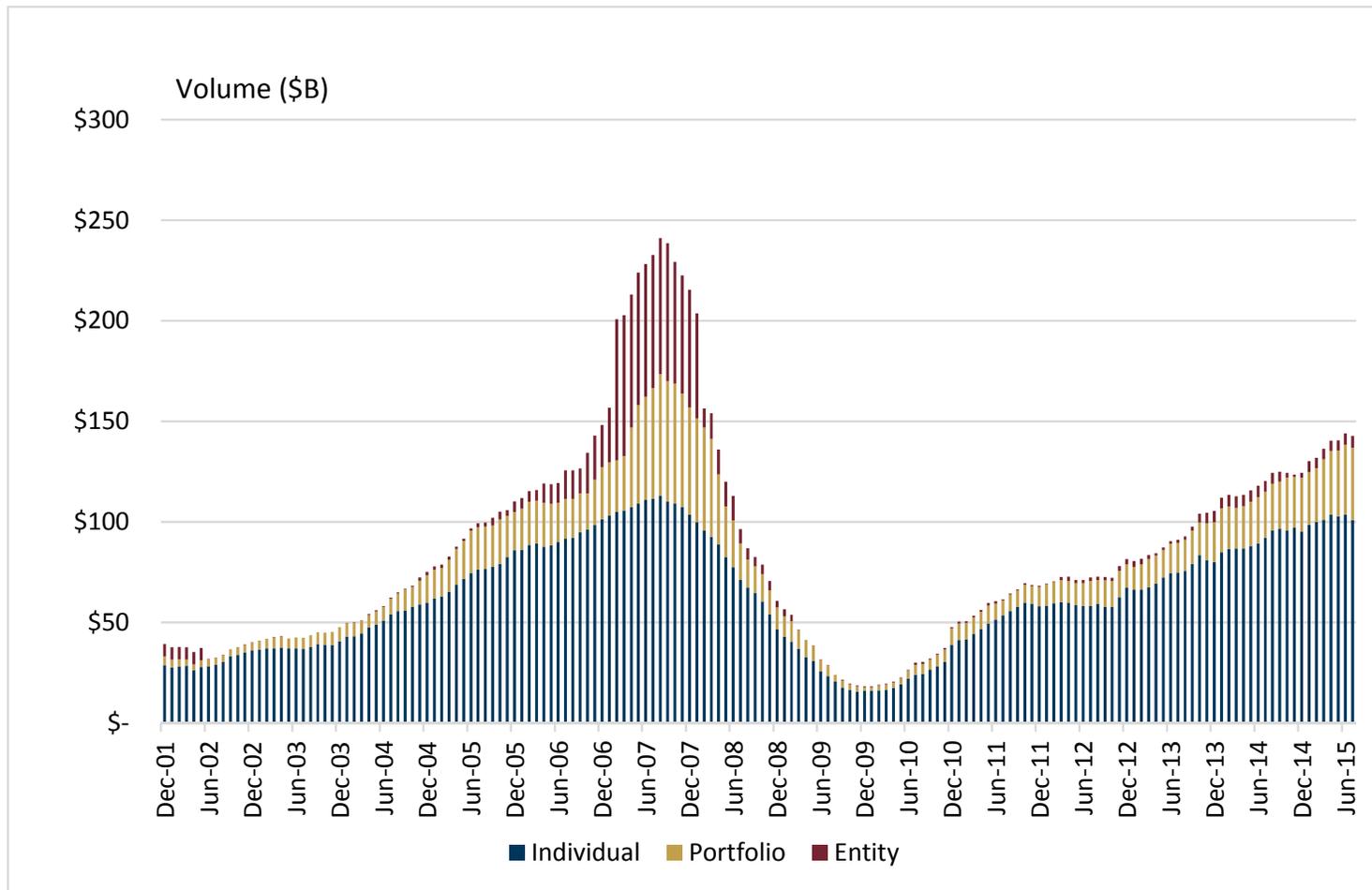
# Office Construction by MSA, 2015-2017



Sources: USAA Real Estate Company Research, CoStar Portfolio Strategy



# National Office Transaction Volume Continues to Rise (Trailing 12-Month)



Sources: USAA Real Estate Company Research, RCA

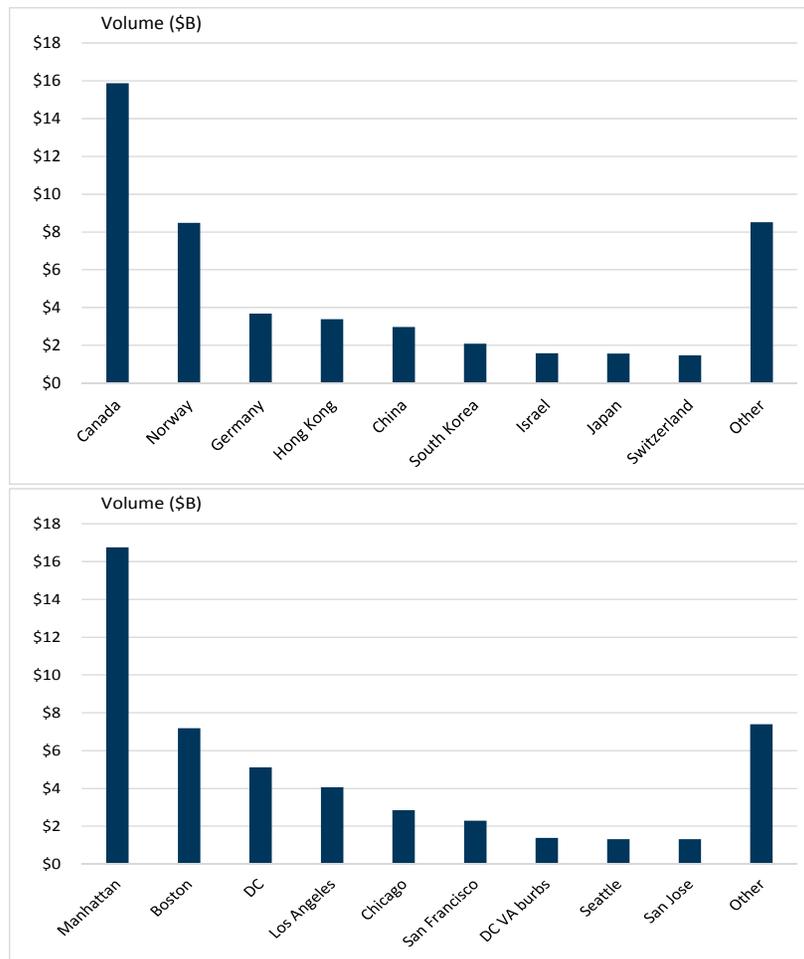


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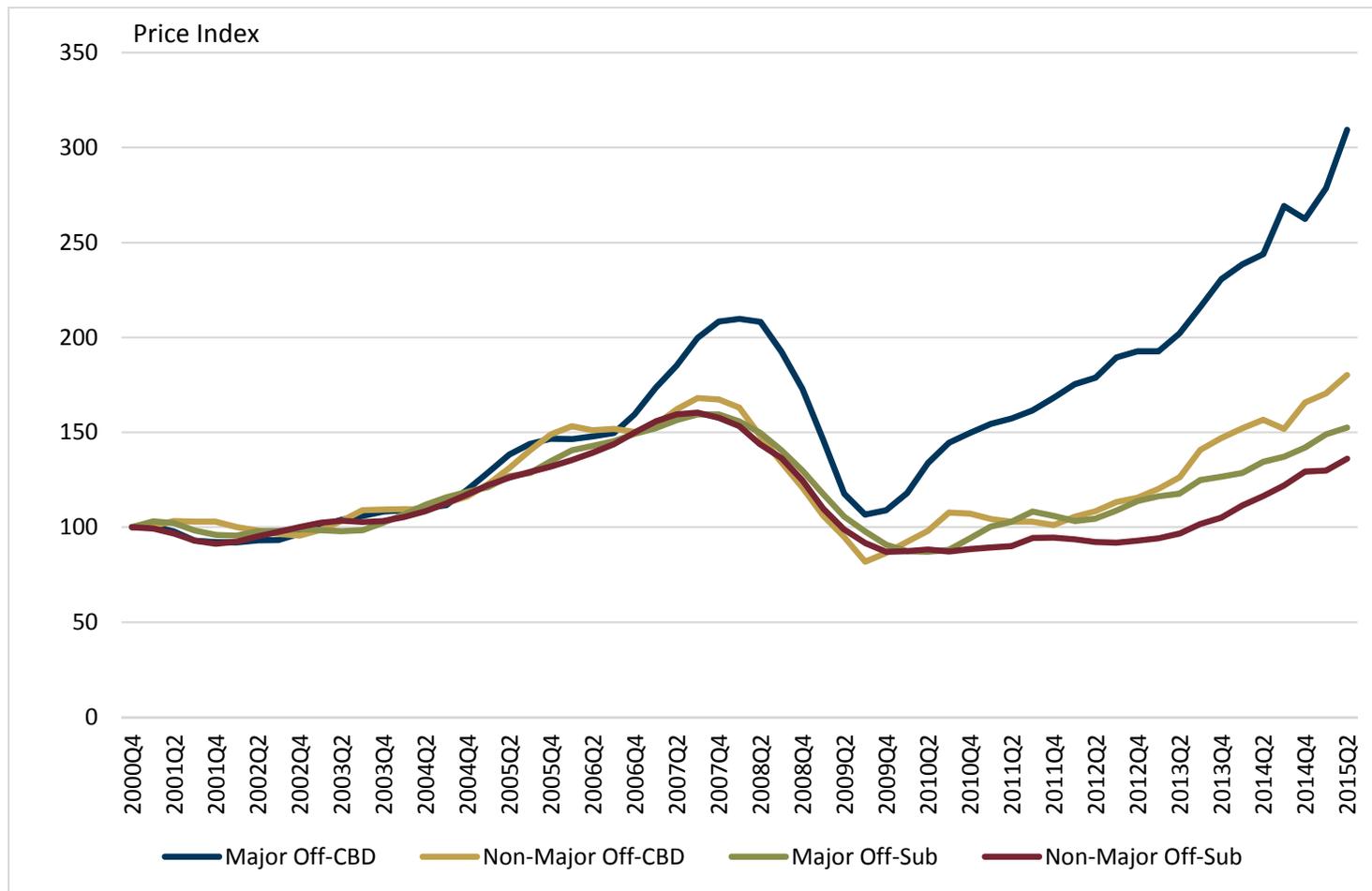
# Direct Foreign Investment in U.S. Office – Where is it From & Where is it Headed



Sources: USAA Real Estate Company Research, RCA



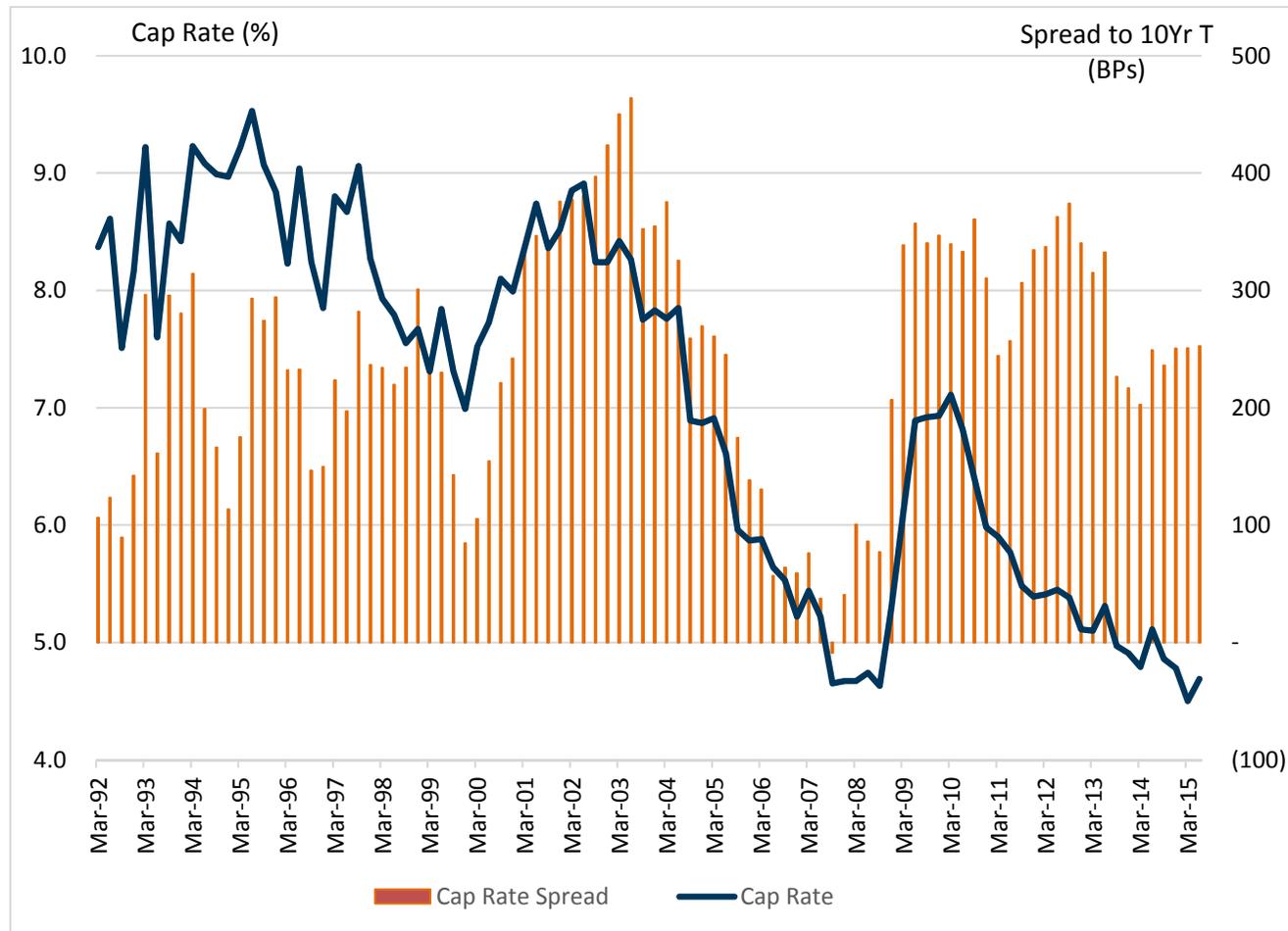
# CBD Office Pricing in Major Markets Has Diverged From the Pack



Sources: USAA Real Estate Company Research, RCA/CPPI



# Office Cap Rates at Historical Lows, But Cap Rate Spreads Remain Healthy



Sources: USAA Real Estate Company Research, NCREIF

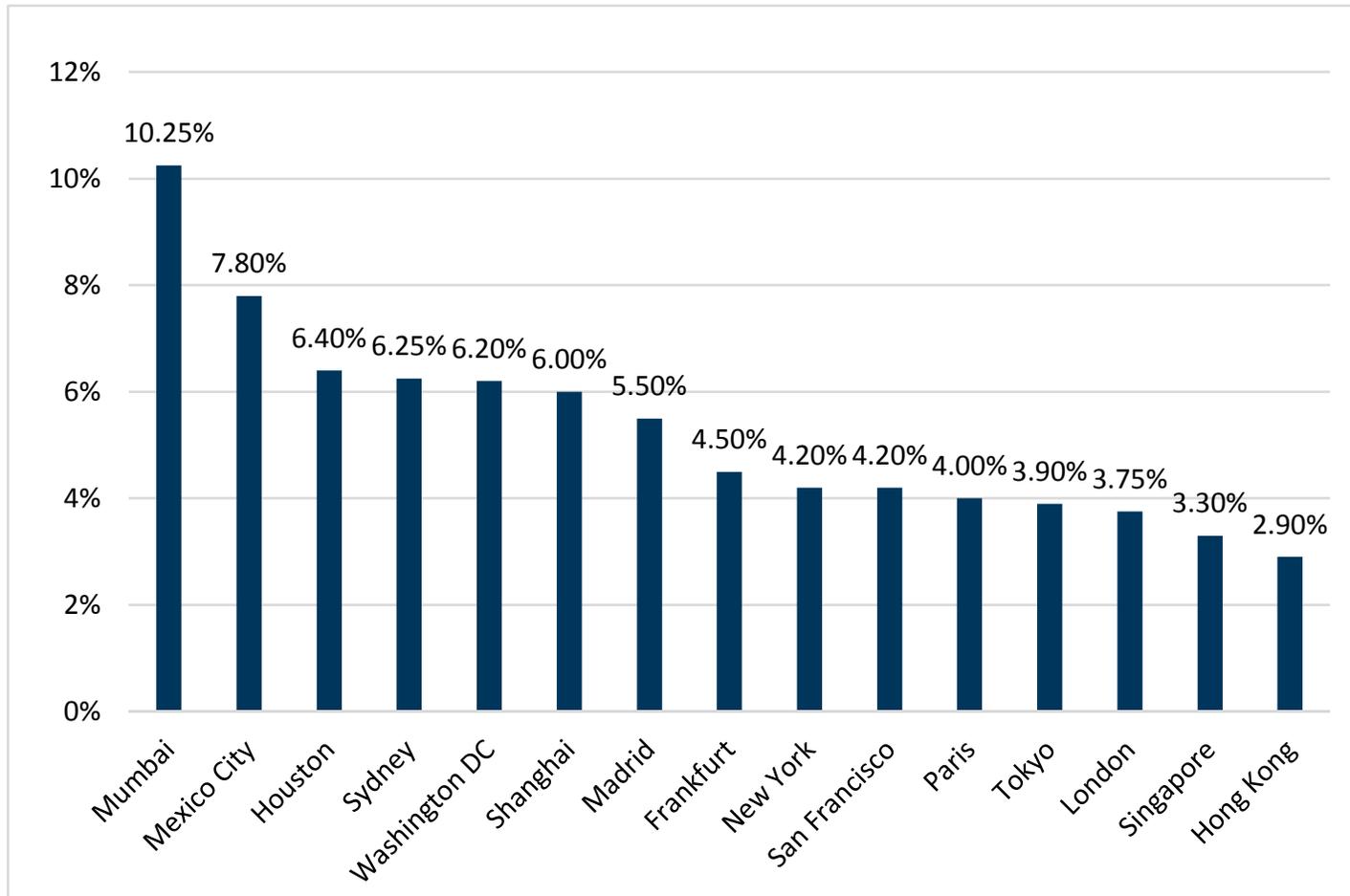


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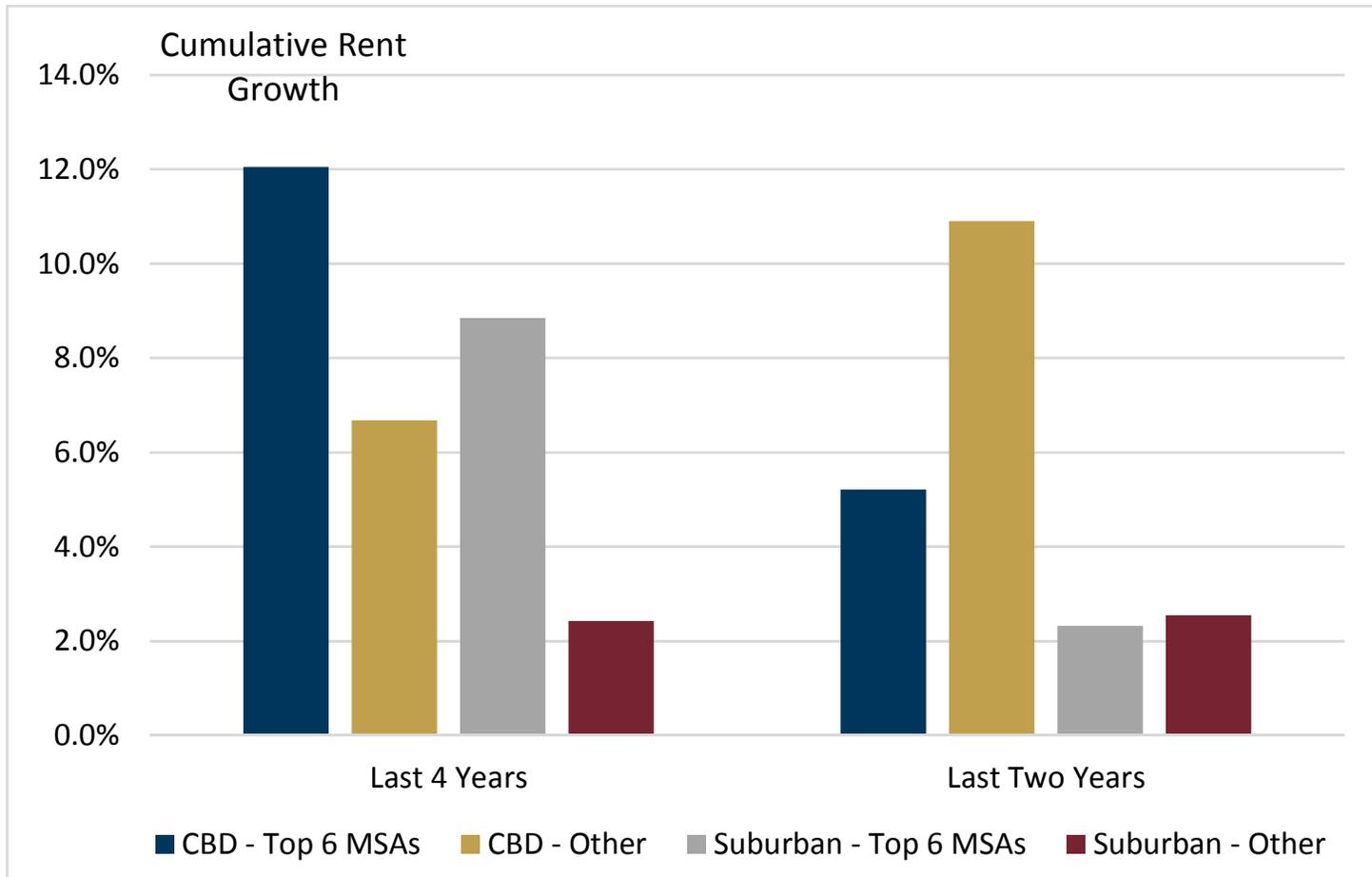
# Prime Office Yields in Global Cities



Sources: USAA Real Estate Company Research, Knight Frank Research, 2014 Year End



# U.S. Rent Growth – Recent CBD Performance Has Been Strong Outside Top 6 MSAs



Sources: USAA Real Estate Company Research, NCREIF



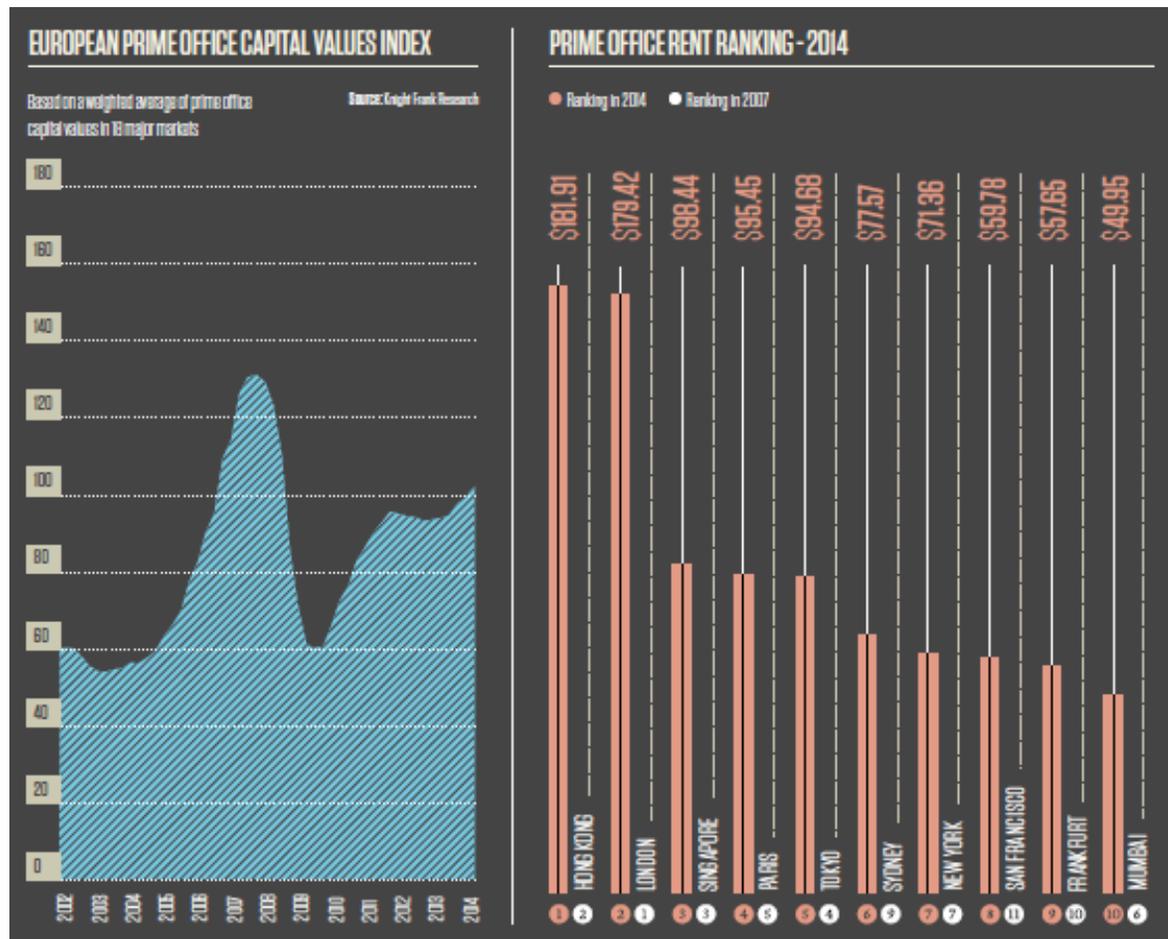
# Top 10 Most Expensive Global Office Rents

TOP 10 MOST EXPENSIVE LOCATIONS BY COUNTRY						
2014	2013	COUNTRY	CITY	LOCATION	OCCUPANCY COSTS €/SQ.M/YEAR	OCCUPANCY COSTS US\$/SQ.FT/YEAR
1	1	United Kingdom	London	West End	2,344	264
2	2	Hong Kong	Hong Kong	CBD	1,636	184
3	5	United States	New York	Midtown (Madison/5th Avenue)	1,162	131
4	6	Brazil	Rio de Janeiro	Zona Sul	1,150	129
5	7	India	New Delhi	Connaught Place	1,064	120
6	3	Russia	Moscow	CBD	1,055	119
7	4	Japan	Tokyo	CBD (5 Central Wards)	1,051	118
8	9	China	Beijing	CBD	926	104
9	10	Australia	Sydney	CBD	878	99
10	8	France	Paris	CBD	860	97

Sources: USAA Real Estate Company Research, Cushman & Wakefield



# Prime Office Rents in Global Markets



Sources: USAA Real Estate Company Research, Knight Frank





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