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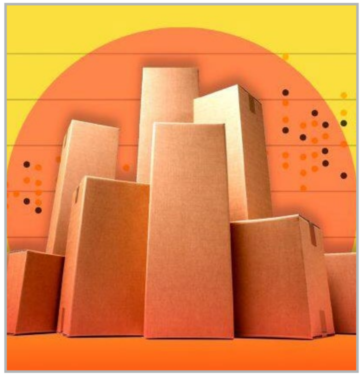
IN THE **NEWS**



CARDBOARD DEMAND COULD FUEL AN INDUSTRIAL REAL ESTATE BOOM

Turns out it's more than what's *inside* the box that's driving industrial real estate demand.

Source: The Real Deal

READ FULL STORY

INDUSTRIAL DEMAND WILL CONTINUE TO BOOM THROUGH 2026

Growth in retail sales, housing starts, personal income, and of course e-commerce sales will all fuel "unabated" industrial demand.

Source: Globe St.

READ FULL STORY

WHERE DO YOU GO IN A LOW CAP RATE ENVIRONMENT

The short answer is you go to sectors that have growth promise because they offer higher likelihood of higher rent growth and those are industrial, multifamily, and life sciences in select markets.

Source: Globe St.

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ALTERNATIVE INVESTMENTS EXPECTED TO SOAR TO $60B IN 2021

Alternative investments continue to become more mainstream as institutional managers enter the space.

Source: Financial Advisor

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FEATURE **STORY**

5 REASONS REAL ESTATE COULD ROAR IN THE 2020s

A number of technological, demographic, and economic trends are converging to form what is believed to be a long-term favorable environment for real estate.

Source: Institutional Investor

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MARKET INSIGHTS

THIRD QUARTER **2021**

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QUOTES OF THE **QUARTER**

"We're looking to underweight retail and office. We're selling there where we can and again, primarily focusing on the niche property types and industrial multifamily for our growth going forward."

Rod Vogel,
Senior Managing Director and Head, Private Equity, Production, Principal Real Estate Investors

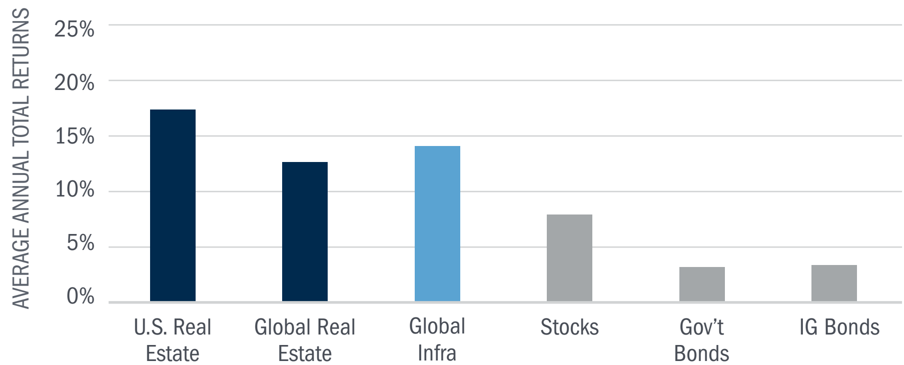
"In the medium term, the economy will be stimulated by consumer spending and (likely) trillions of dollars of government infrastructure spending," the report states. "The upshot is that demand for industrial— especially more technologically sophisticated 3PL space—is very likely to remain strong for the foreseeable future."

YardiMatrix Industrial Report

NEW **DATA**

U.S. real estate has outperformed many other asset classes in a high growth, high inflation environment.

HIGH GROWTH/HIGH INFLATION



Index Notes and Periods: *Bloomberg, Barclays (Investment grade: US Agg Bond; Gov't bonds: US Gov't Agg TR, NCREIF (U.S. Real Estate: NPI), MSCI (Global Real Estate); EDHEC (Infrastructure: All equity) and S&P (Stocks: S&P 500); as of December 31, 2020 (annual data since 2001). Past performance is not indicative of future results. You cannot invest directly in an unmanaged index. High growth periods are when U.S. GDP > 2.5% and high inflation periods are when U.S. CPI > 2.5%*

Source: *Blackrock, Inflation and Real Assets*

RESEARCH **REPORT**

Blackrock: Inflation and Real Assets

READ FULL REPORT

"In previous inflationary periods, real estate and infrastructure outperformed other asset classes. This is due to several factors. First, leases and revenue streams are directly or indirectly linked to inflation. When inflation is accompanied by good economic growth, demand rises for real estate space and economic infrastructure. Meanwhile, there is often some form of expense pass through. Further, construction costs tend to rise in periods of inflation, resulting in higher replacement cost and limiting new supply to enter the market. Finally, paying down debt with inflated dollars is beneficial for levered real assets strategies."

"In an inflationary environment, debt, even floating rate debt, benefits the borrower at the expense of the lender. Paying down debt with inflated dollars is beneficial for levered real assets. Longer-term fixed rate debt would benefit borrowers the most during persistently higher inflationary environments. As NOI grows with inflation, debt gets paid down at the same interest rate, magnifying the impact of leverage to boost total returns. During periods of lower inflation, as we have seen in the decade post-GFC, floating rate typically benefits the borrower more."