GLOBAL RECOVERY JOURNEY

Thank you for joining us. We will begin shortly…

CUSHMAN & WAKEFIELD

GLOBAL RECOVERY JOURNEY

Our latest house view on the trajectory of the global economic and commercial real estate market recovery

ANDREW PHIPPS
Head of Business Development, EMEA & Local Markets

AGENDA

COMMERCIAL REAL ESTATE:
THE NEXT BOOM CYCLE

KEVIN THORPE
Chief Economist,
Global Head of Research

CAPITAL MARKETS OUTLOOK

DAVID HUTCHINGS
Head of European Investment Strategy

OCCUPIER OUTLOOK

DESPINA KATSIKAKIS
Global Head of Total Workplace

GLOBAL
RECOVERY
JOURNEY

01

COMMERCIAL REAL ESTATE: THE NEXT BOOM CYCLE

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GLOBAL RECOVERY JOURNEY

01

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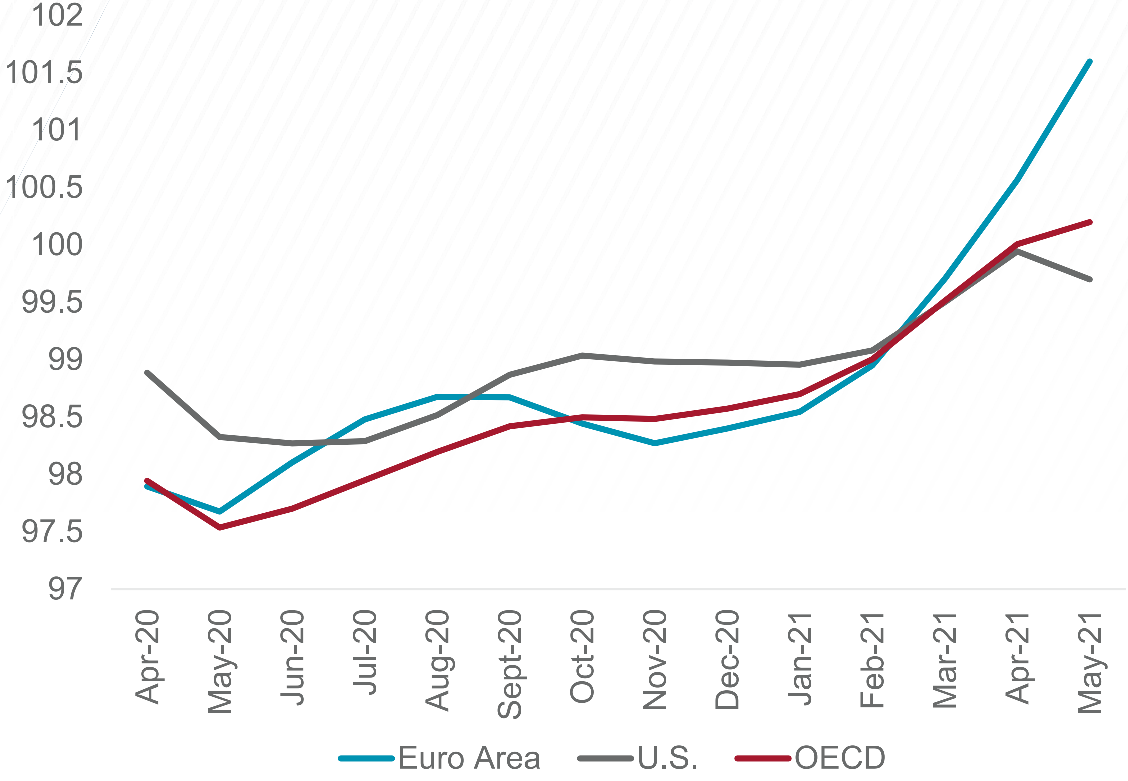
Economic momentum forming

BALTIC DRY INDEX – ABOVE PRE-PANDEMIC LEVELS

CONSUMER CONFIDENCE RISING



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The BDI is a measure of global demand through shipping volumes such as metals, grains, and fossil fuels by sea. It is a composite of 3 sub-indices, Capesize, Panamax, Surpramax

Baltic Dry Index Source: Maritime Transport, OECD, Cushman & Wakefield Research | Consumer Confidence Source: OECD, Cushman & Wakefield Research

Massive pent-up demand

*EXCESS HOUSEHOLD SAVINGS

Country	GDP $bil.	Excess household savings		
		% of disposable Income	$ bil.	% of GDP
United States	21,872	13.8	2,623	12.0
United Kingdom	2,942	14.8	306	10.4
Canada	1,862	16.6	181	9.7
Spain	1,387	10.5	115	8.3
Australia	1,590	13.3	111	7.0
Netherlands	985	9.8	62	6.3
Italy	2,026	10.3	126	6.2
Germany	4,081	10.3	251	6.2
France	2,838	9.1	156	5.5
Japan	5,183	6.9	206	4.0
Russia	1,581	6.7	58	3.6
India	3,022	4.6	104	3.5
Brazil	1,409	4.9	48	3.4
South Korea	1,760	6.5	59	3.4
China	16,918	3.8	389	2.3
World	**83,235**	**8.4**	**5,398**	**6.2**

Consumers have $5.4 trillion in dry powder

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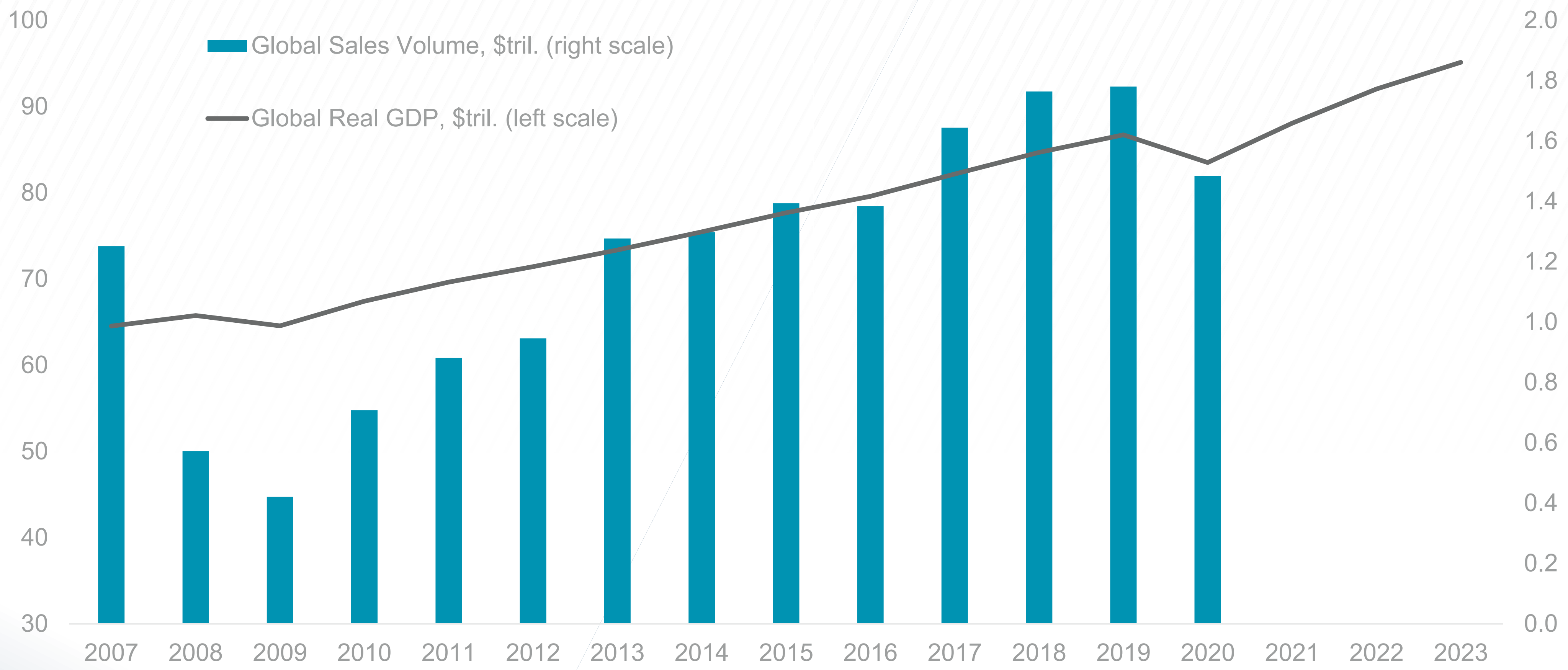
*Excess savings = savings greater than counterfactual based on growth in 2019 savings

Source: Moody's Analytics, Cushman & Wakefield Research

As the economy goes, so goes property



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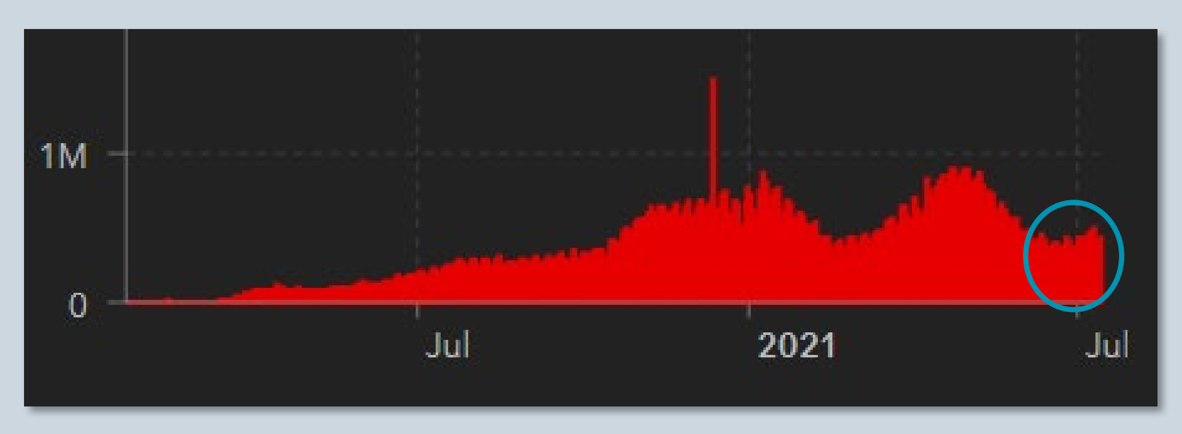
Source: Real Capital Analytics, Moody's Analytics, Cushman & Wakefield Research

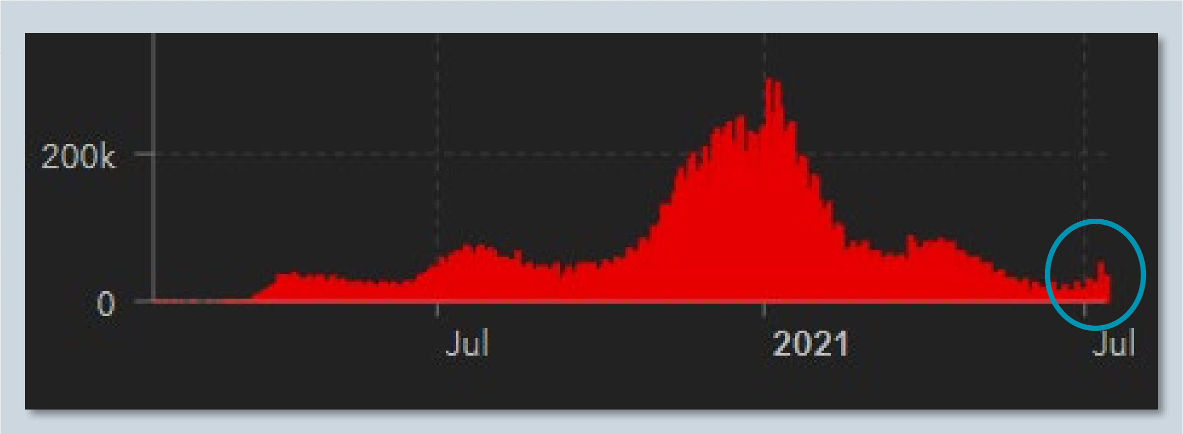
#1 Risk to the Recovery – Infections Ticking Up

NEW DAILY CORONAVIRUS INFECTIONS

GLOBAL



UNITED STATES

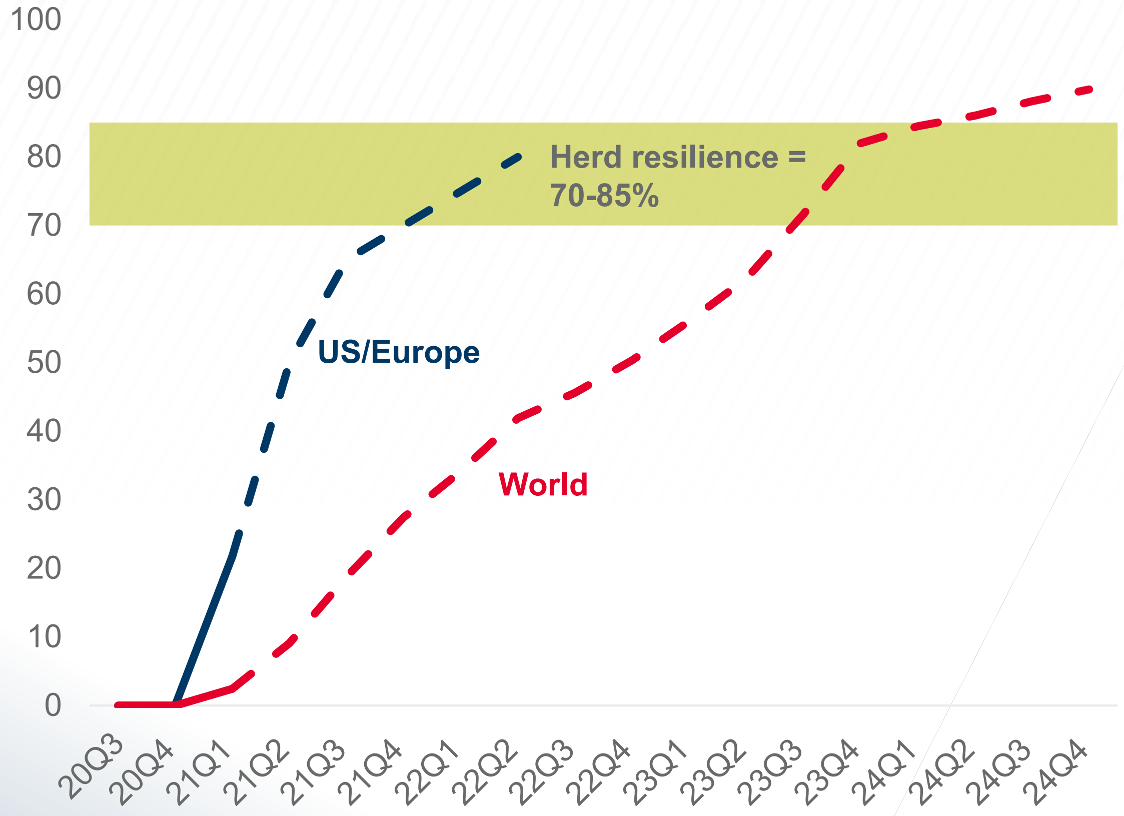


Source: Johns Hopkins Coronavirus Resource Center

Herd Resiliency Tracker

AS OF JULY 7, 2021

SHARE OF POPULATION VACCINATED OR IMMUNE



VACCINATION LEADERS

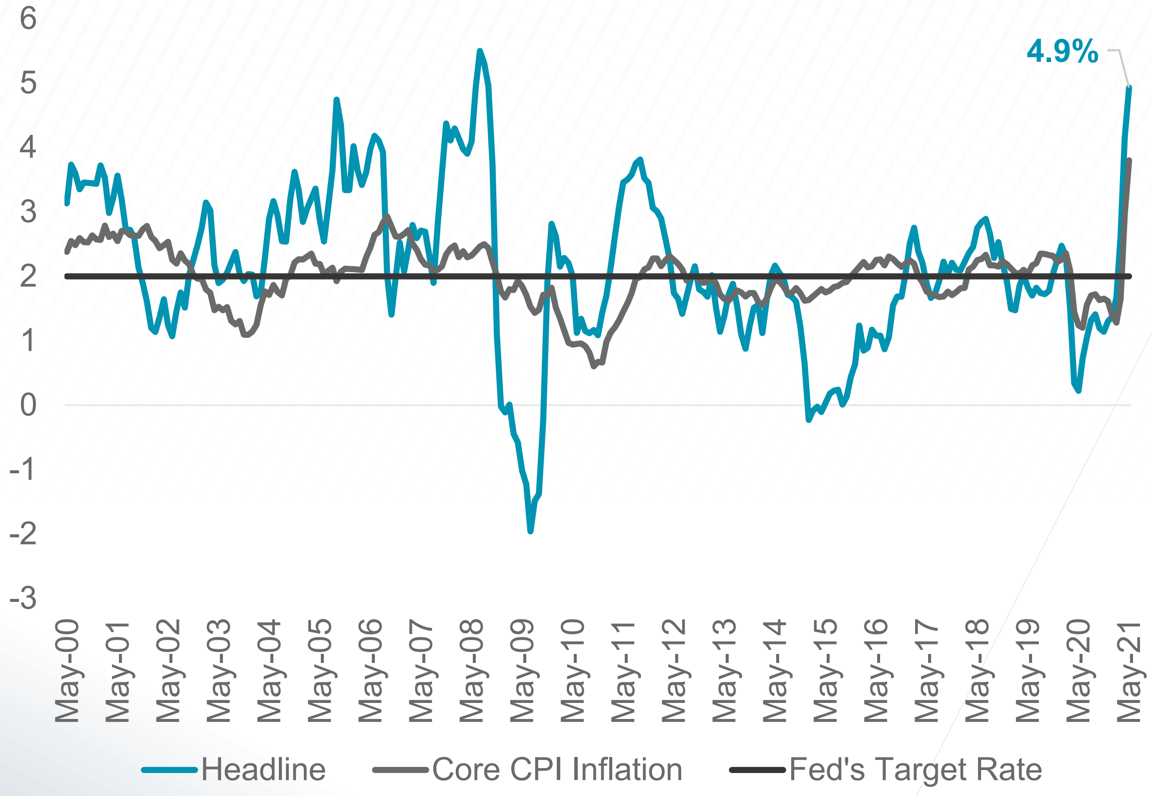
Country	Citizens fully vaccinated, % of 12 & older pop.
Israel	74.5
Chile	68.0
U.K.	58.9
U.S.	56.2
Spain	45.9
Germany	43.8
Ireland	43.6
Austria	43.1
Belgium, Greece, Poland	42.0
Canada	41.9
World	***14.8***

Source: Moody's Analytics, Johns Hopkins Coronavirus Resource Center

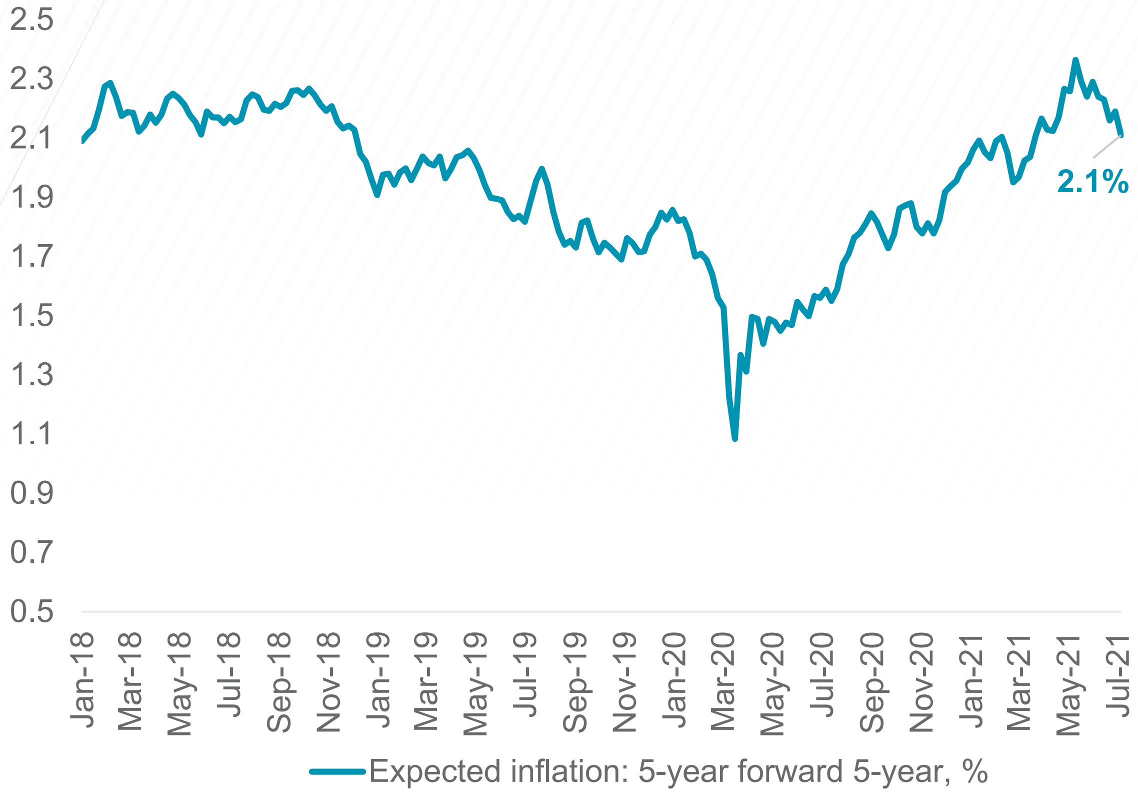
#2 Risk to the Recovery - Inflation

UNITED STATES

PRICES SPIKE IN APRIL/MAY



SHOULD BE TEMPORARY



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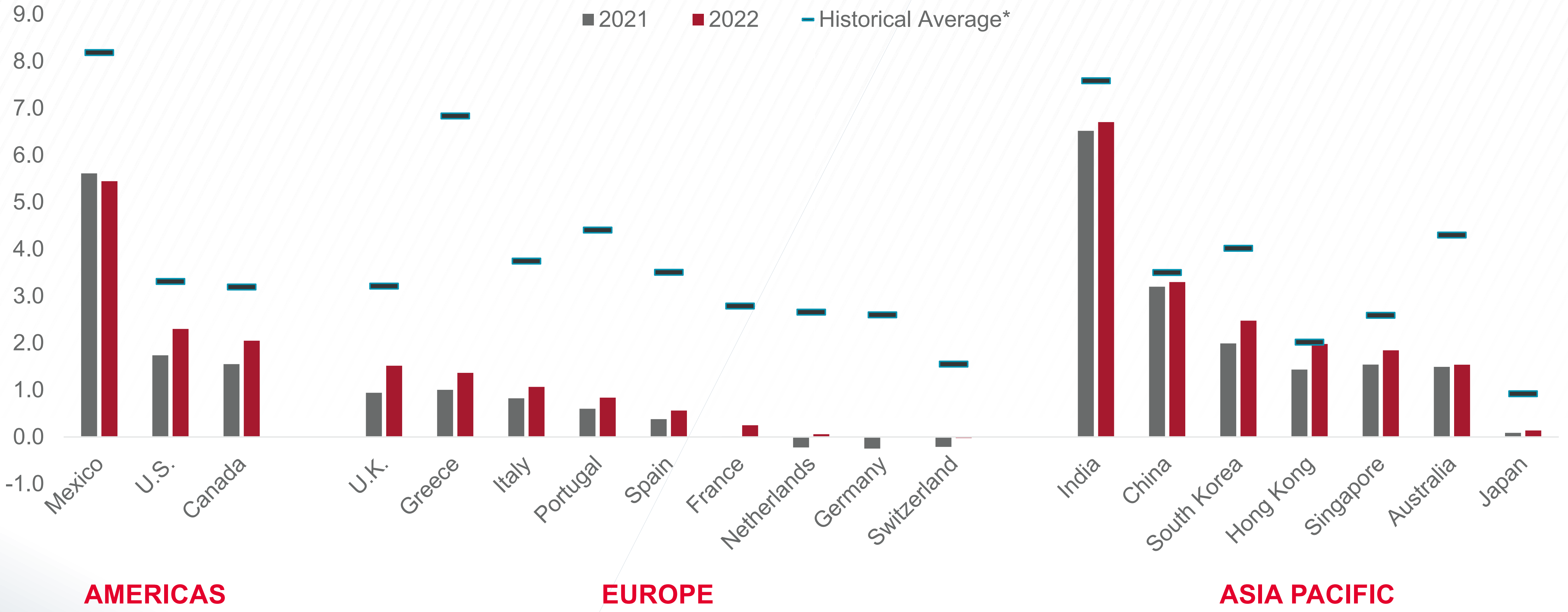
Source: U.S. Bureau of Labor Statistics, Federal Reserve, Cushman & Wakefield Research

Interest rates to remain low

10-YEAR GOVERNMENT BOND YIELD

*Historical average = 2000-2020



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Source: Real Capital Analytics, Moody's Analytics, Cushman & Wakefield Research

Property recovery – second half boom

KEY OBSERVATIONS

INDUSTRIAL-LOGISTICS, DATA CENTERS AND LIFE SCIENCE: Recovering swiftly, benefitting from secular shifts and other accelerating trends.

MULTIFAMILY HOUSING: Faces near-term headwinds in the form of back rent and the potential wave of evictions. However, multifamily has maintained positive metrics throughout the crisis and strong investor interest. Demographics also indicate there is long-term strength in this sector.

RETAIL & HOTEL: The pandemic could have long lasting implications for certain subsectors, but retail and hotel gaining as the economy opens more fully. Experiential retail starting to take off again.

OFFICE: Fundamentals took a hit and WFH dynamic still needs to filter through. Green shoots are now appearing in most markets. Tour activity is surging. Few are going 100% remote. Office will fully recover.

- Uptrend/Strong improvement
- Turning Point/Slight improvement
- Sluggish/Below Potential

	Q4 2020	H1 2021	H2 2021
OFFICE	Sluggish/Below Potential	Sluggish/Below Potential	Turning Point/Slight improvement
RETAIL (CONVENIENCE)	Turning Point/Slight improvement	Turning Point/Slight improvement	Uptrend/Strong improvement
INDUSTRIAL / LOGISTICS	Uptrend/Strong improvement	Uptrend/Strong improvement	Uptrend/Strong improvement
RESIDENTIAL	Sluggish/Below Potential	Turning Point/Slight improvement	Turning Point/Slight improvement
HOTELS / RETAIL (EXPERIENTIAL)	Sluggish/Below Potential	Sluggish/Below Potential	Turning Point/Slight improvement
ALTERNATIVES*	Uptrend/Strong improvement	Uptrend/Strong improvement	Uptrend/Strong improvement

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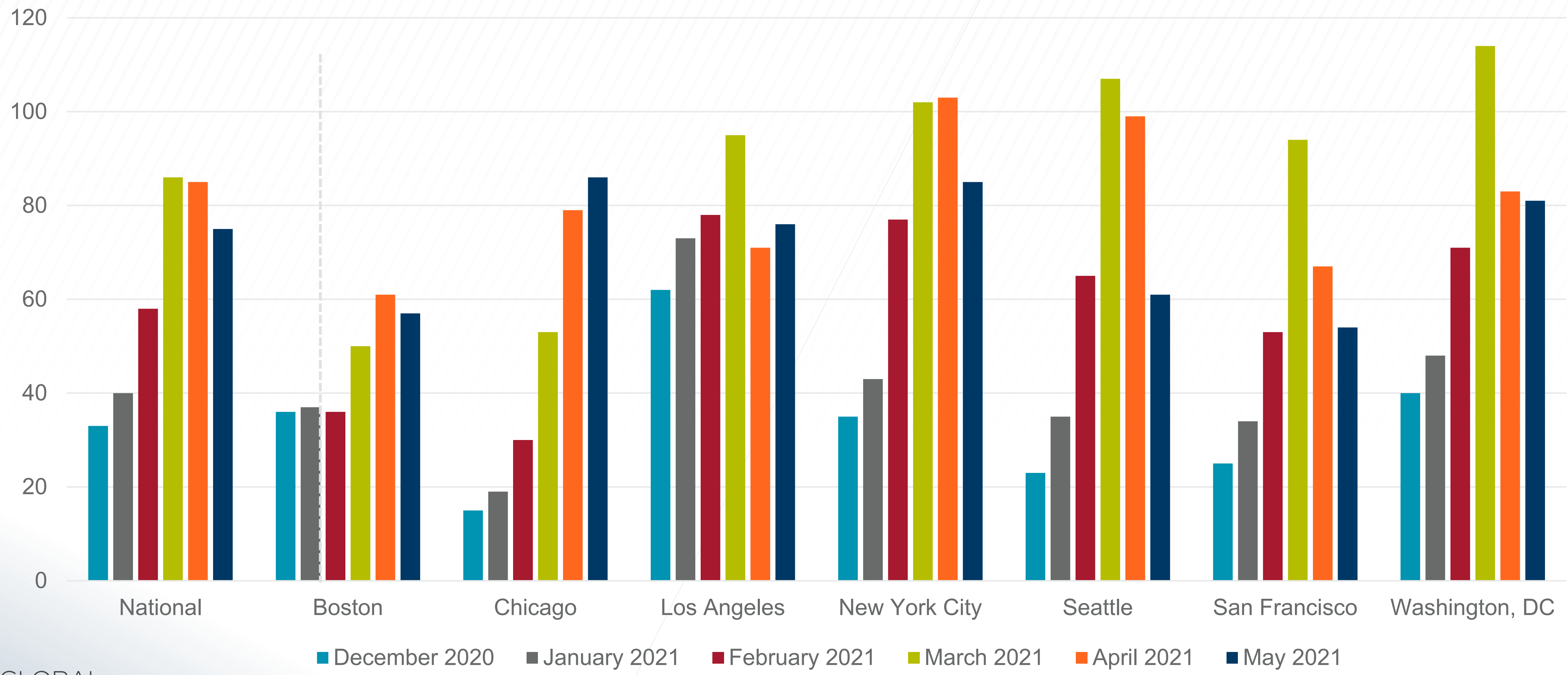
Source: Cushman & Wakefield Research

Point #2: Seeing many green shoots

TOUR ACTIVITY IS SURGING



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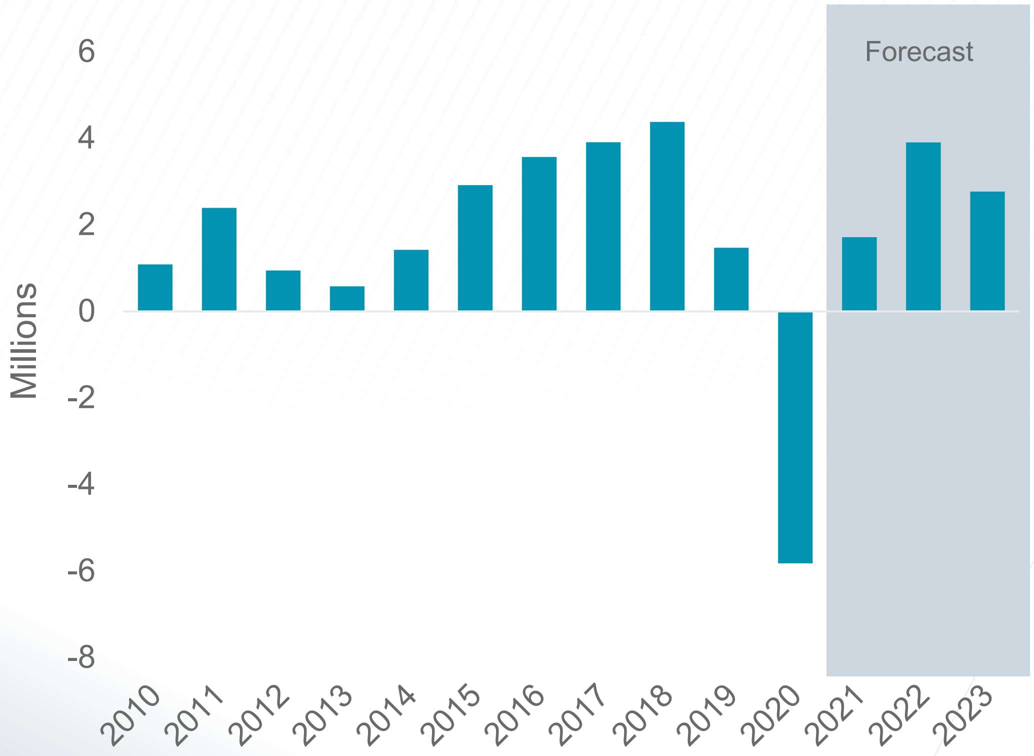
Source: VTS (VODI), June 2021 Report

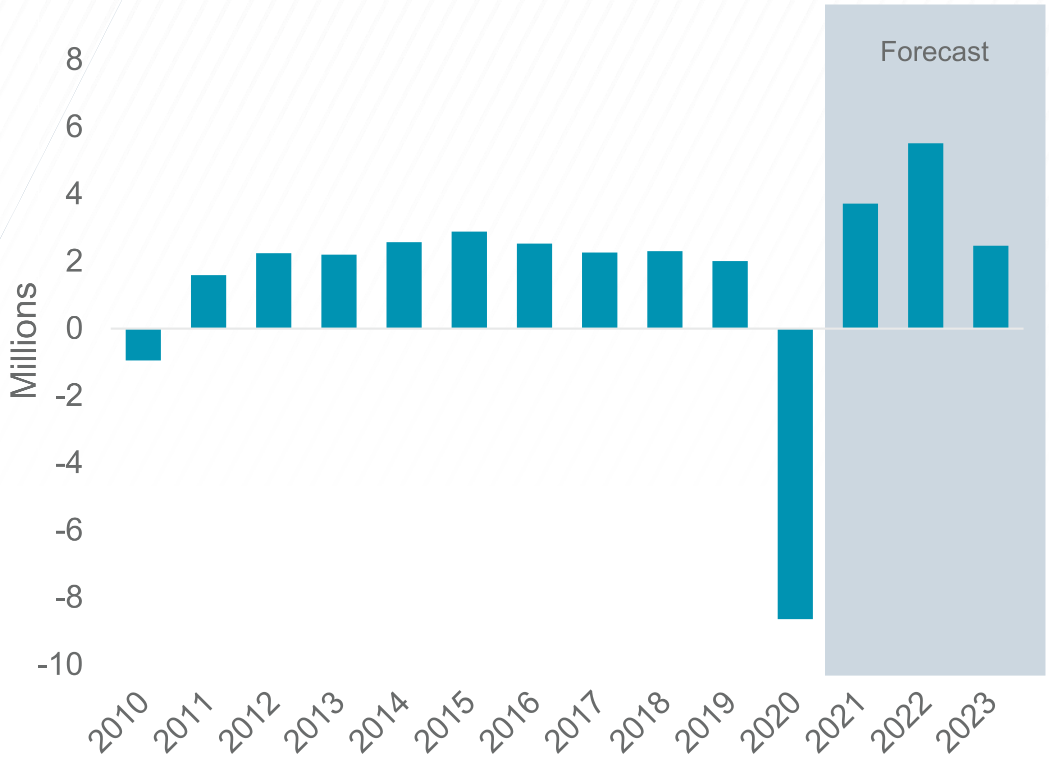
Point #3: Jobs, Jobs, Jobs = Full Recovery

OFFICE-USING EMPLOYMENT

EUROPE



UNITED STATES



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Source: Moody's Analytics, Cushman & Wakefield Research, updated 7-13-2021

Global fun facts to drop into conversations

ECONOMY

- **GDP:** Global GDP will growth by 6% in 2021 and by 4.4% in 2022 – the strongest back-to-back growth rates ever recorded.
- **PENT-UP DEMAND:** As of April, there was $6.2 trillion in excess savings globally (7% of 2019 GDP) = strong pent-up demand.
- **JOBS:** The world will create 13.2 million office jobs over the next 3 years (2021-2023) which is nearly double the number of office jobs lost during the COVID recession.
- **INFLATION:** Due to structural factors (i.e., globalization, ecommerce, and demographics), inflation hasn't been a major problem for 30 years.
- **INTEREST RATES:** In most countries, the 10-year gov't bond yields are expected to remain 200 bps below the historical average in most countries at least for the next 2 years.

PROPERTY

- **INDUSTRIAL**: Every $1 billion increase in online sales, typically generates 1.25 MSF of additional demand for industrial-logistics space.
- **MULTIFAMILY**: The prime renter cohorts are millennials and gen z. Those two demographic cohorts represent 50% of the global population.
- **DATA CENTERS**: The amount of data generated grew 5,000% over the past decade, buoyed recently by 300% growth in remote work. With global internet penetration at just 60%, there is plenty of room for growth.
- **OFFICE:** tour activity is exploding around the world. From Dec-May 2021, touring is up 80+% in many global cities. Would we see this if everyone wanted to work from home?
- **RETAIL:** ecommerce is rising, yes. But retail still dominates the way people spend their money. 83% of global spending happens at bricks and mortar stores.
- **PEOPLE ARE NOT FLEEING CITIES**: 99.4% of the U.S. population did not change counties last year.

02

CAPITAL MARKETS OUTLOOK

DAVID HUTCHINGS
Head of European Investment Strategy

GLOBAL RECOVERY JOURNEY

Boom times ahead?

WHERE ARE WE NOW?

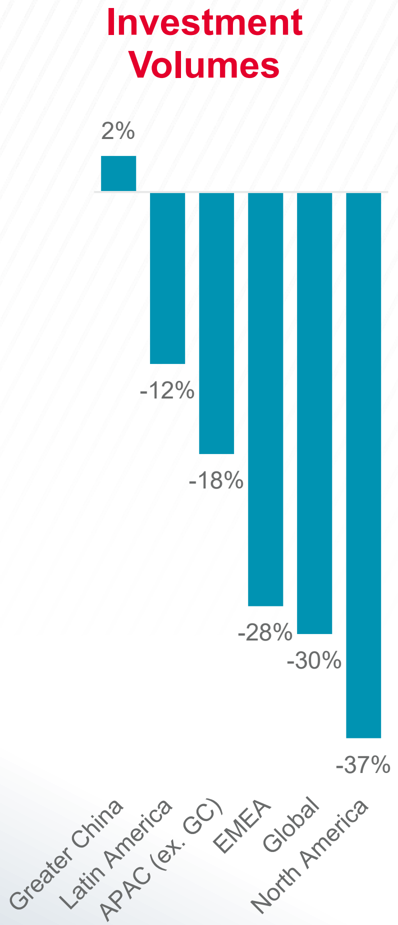
- After a difficult Q1 the market is entering a recovery driven by occupier as well as investor sentiment.
- The recovery looks set to be synchronized and broad based – however it is far from uniform by sector or geography.

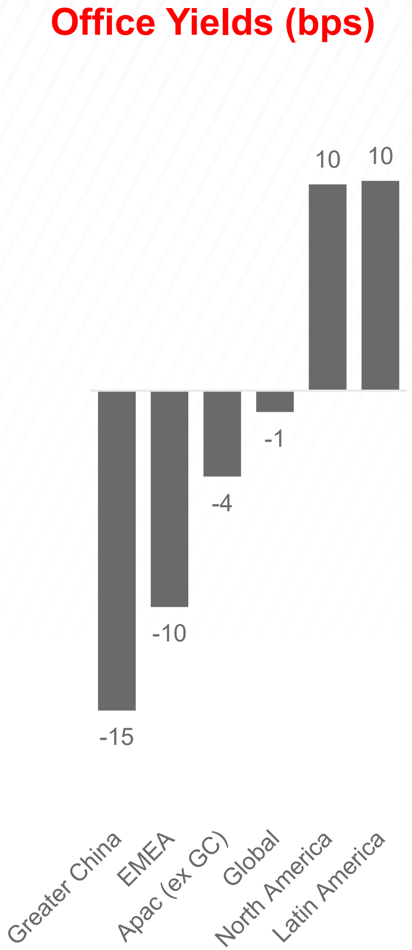
WHERE ARE WE HEADING?

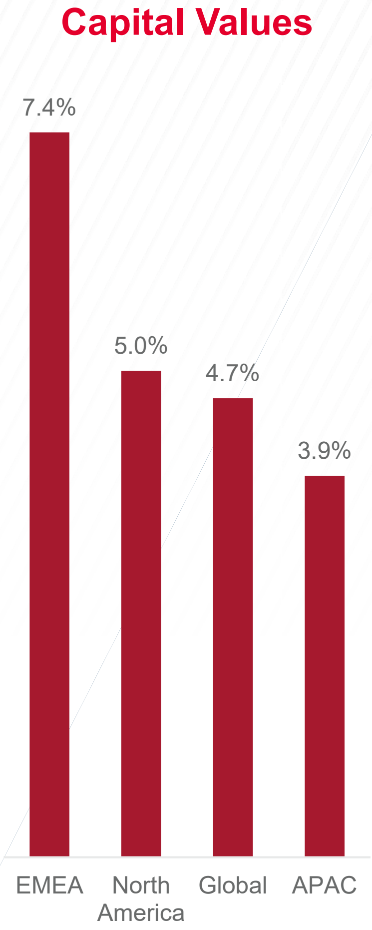
- With investor demand high and interest rates low, supply is key to the size of opportunity and scale of activity we will see in the market.
- Q3 is set to release pent-up demand led by the USA but with APAC and EMEA also entering the upswing before year end
- Beds, sheds and meds will dominate demand, but core office markets will bounce back, and retail is finding a floor
- Higher build costs and ESG priorities will mean reworking existing space is a key priority and opportunity globally.

Where are we now?

YEAR TO Q1 2021 VS YEAR TO Q1 2020







Source: RCA, Cushman & Wakefield Research
Note: investment volumes exclude development sites.

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Global Trend

- The pandemic has adversely impacted CRE markets globally
- Unlike prior cycles, most of the impact has come in the form of reduced liquidity while pricing has remained strong overall

Volumes

- Greater China is the only region where transaction activity has risen through the pandemic
- North America experienced the greatest slowdown

Yields

- Yield compression paused in many markets when the pandemic hit but restarted quickly – particularly in in demand sectors such as logistics
- This is due to supportive global monetary and fiscal policy combined with increased selectivity in which assets trade

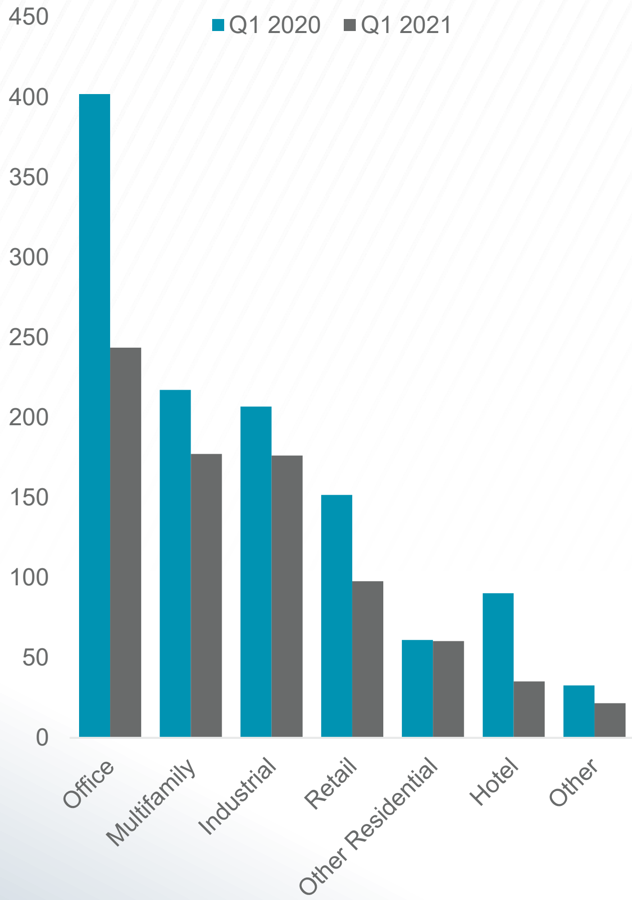
Capital Values

- Capital values have continued to rise in this environment, particularly in EMEA
- In part this reflects a move by investors towards core and more expensive assets as well as limited distress forcing a repricing of weaker assets.

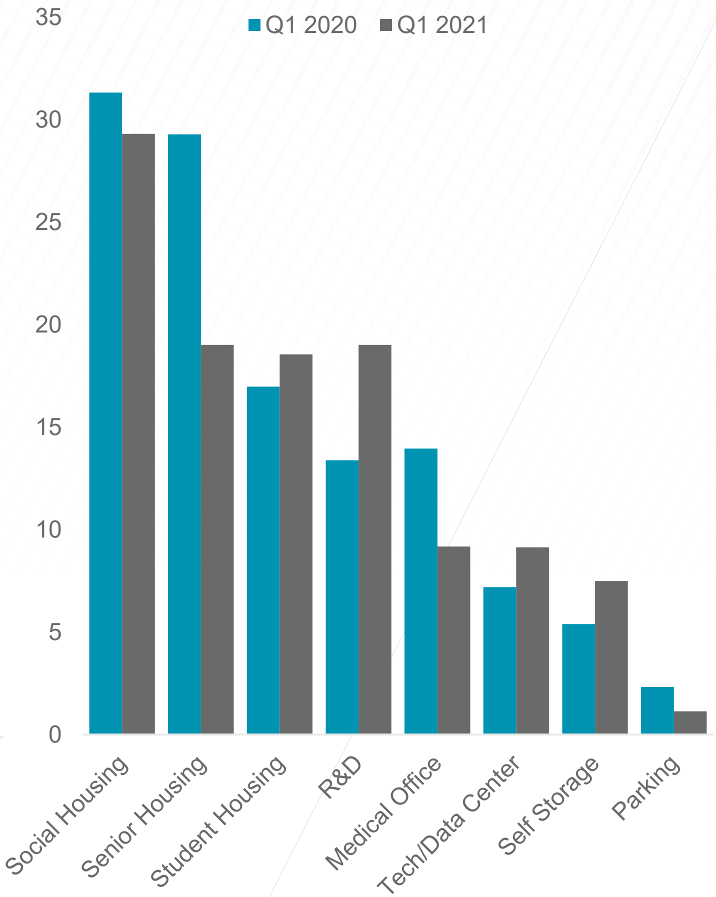
Winning sectors?

YEAR TO Q1 2021 VS YEAR TO Q1 2020

LARGER SECTORS



THE NEW MAINSTREAM



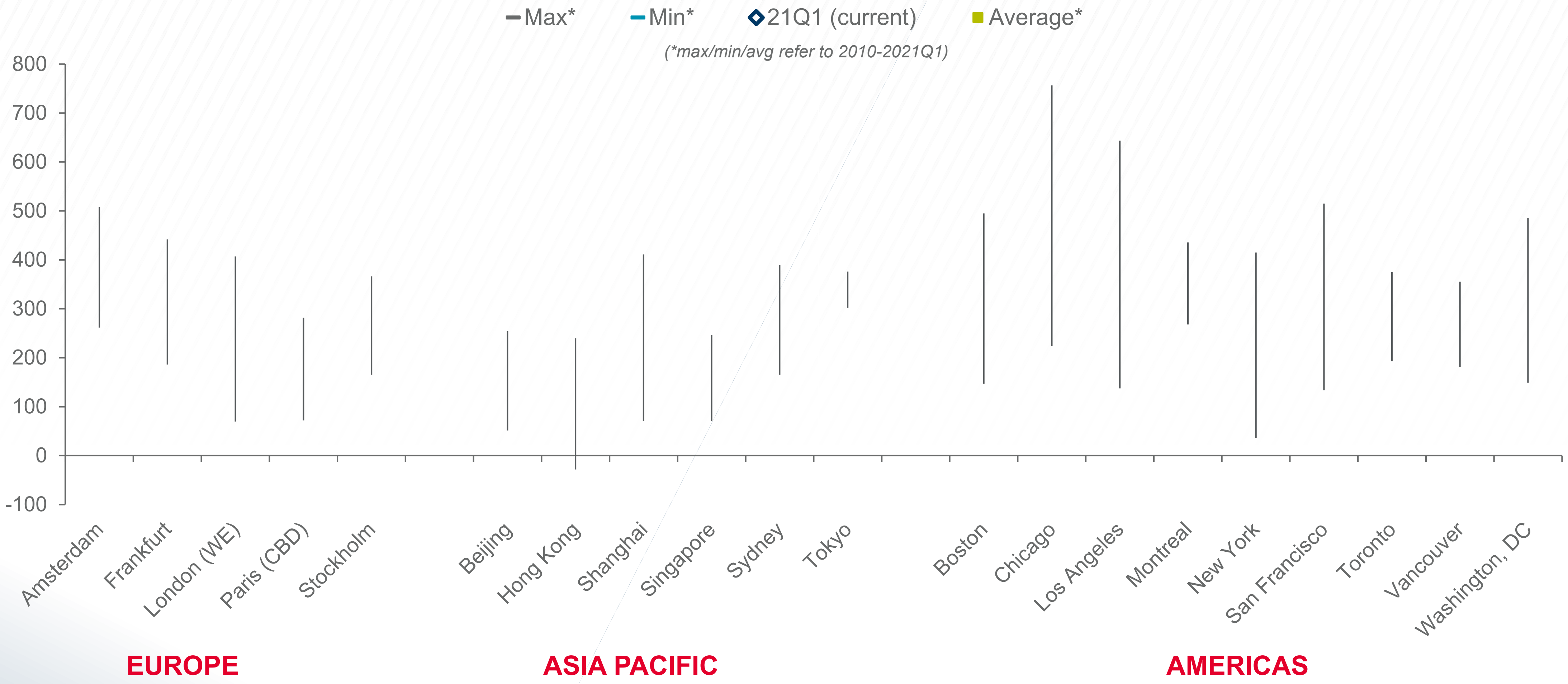
Source: RCA, Cushman & Wakefield Research

GLOBAL RECOVERY JOURNEY

- **Industrial** assets are in high demand globally – but a shortage of supply has held back investment activity.
- **Conventional multifamily** assets have also remained resilient while nonconventional residential assets have outperformed, notably student, social and manufactured housing.
- **Offices** remain the dominant real estate food group, but market share has fallen to 30% from 35% globally.
- **Retail** suffered a blow similar to office (-36%), but nothing compared to the hotel sector (-61%).
- **Niche** sector volumes fell just 6% but strength was uneven: student housing, R&D and data centres rose strongly, offsetting weakness in senior housing, medical office and parking.

Delivering relative value

PRIME OFFICE YIELD SPREADS REMAIN HIGHLY ATTRACTIVE



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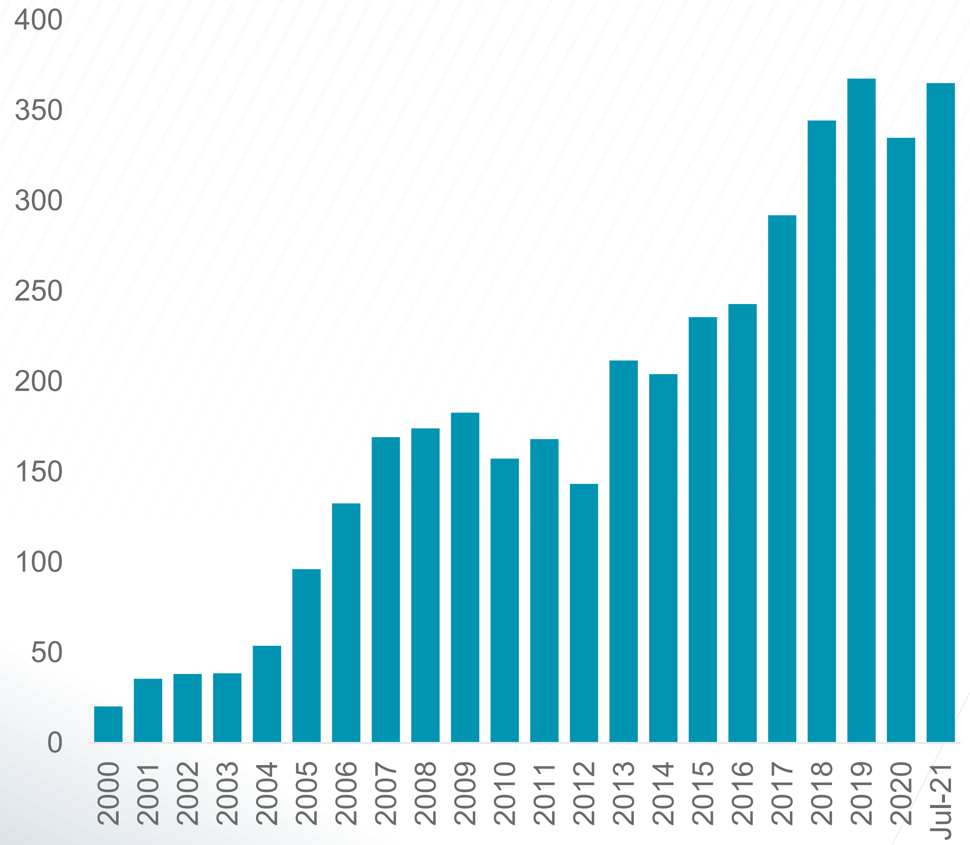
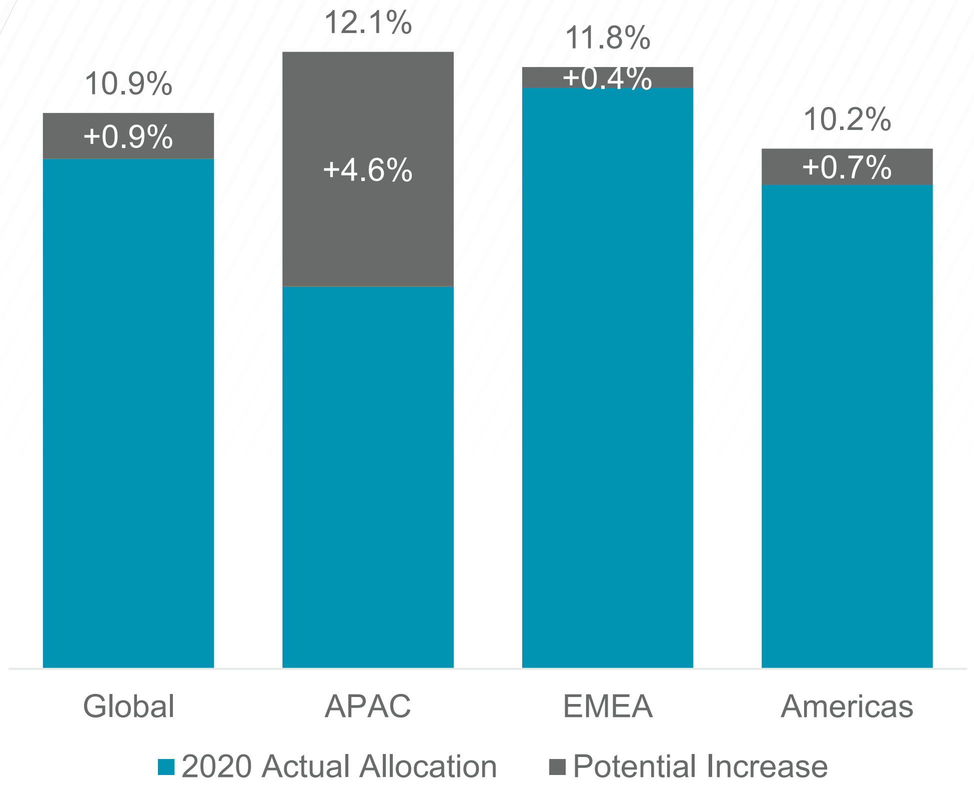
A wall of capital in a well-priced market

DRY POWDER – WAIT FOR IT?



RISING INSTITUTIONAL ALLOCATION TO CRE GLOBALLY



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Source: Preqin, Cushman & Wakefield Research

Where are we heading?

THE LIGHT TURNS GREEN

GLOBAL SUMMARY: If progress in opening-up is maintained, real estate investment markets face a synchronized boom.

COVID-19: Vaccination rates are exciting but must spread to emerging markets and global protection will not be here until 2022 at the earliest.

ECONOMY: Pent-up demand as well as fiscal and monetary stimulus will sustain a strong recovery but not without further pain as economies evolve.

OCCUPIER: The health of occupier demand is likely to be the surprise ingredient turning upturn into boom – but that demand will be selective in response to structural market changes.

CAP MARKETS: Confidence and price discovery will underpin a release of pent-up demand driven by local players initially but underpinned by global debt and equity.

Source: Cushman & Wakefield

GLOBAL RECOVERY JOURNEY

U.S. leads the upturn

ASIA PACIFIC: Progress in defeating the pandemic may have proceeded at a slower than hoped pace - and unevenly across the region – but real estate markets have stabilized and will be called upon to contribute to the recovery in a range of ways from ESG to logistics.

EMEA: The business recovery may lag the US but Europe is on the move, with the UK set to see the best early growth and the rest of the continent to benefit from domestic as well as global demand and EU stimulus.

LATIN AMERICA: The region is taking longer to get the pandemic under control. This combined with political uncertainty is retarding economic recoveries across Latin America. However, the commodities boom combined with increasingly supportive global conditions will give impetus to the region.

NORTH AMERICA: Social and economic conditions rapidly normalizing in the U.S. with Canada set to follow. This tailwind is set to drive increased capital markets activity as investors gain conviction.

Source: Cushman & Wakefield

Investment ideas

RIDING THE WAVE

SECTORS

- **OFFICE** - Return for investors and occupiers
- **RETAIL** - Deep value starting to emerge
- **LOGISTICS** - Selectivity needed
- **RESIDENTIAL** - Emerging as a global asset class
- **HOSPITALITY** - Opening up but little distress
- **SPECIALIST SECTORS** - Niche but nice

THEMES

- **ESG** - THE dominant trend to get on top of
- **DIVERSIFICATION** - Sector dominating but geography to follow
- **DEBT AND DISTRESS** - Opportunities across the risk spectrum
- **REPURPOSING OVER REBUILDING** - Legacy portfolios must be secured
- **PLATFORMS** - Demand to increase, spilling further into M&A
- **INFLATION LINKS** - The right real estate will cope well with inflation

03

OCCUPIER OUTLOOK

DESPINA KATSIKAKIS
Global Head, Total Workplace

GLOBAL RECOVERY JOURNEY

What do we hear in the market

EXAMPLES OF FIRMS THAT ARE RETURNING TO THE OFFICE & …THOSE THAT ARE NOT

RETURNING

Goldman Sachs

- Return-to-work to return to pre COVID ways or working
- Less than 10% of staff physically present in 2020
- Expect full staff to be back by year end 2021

Amazon

- Expect all employees back at the office starting July 1st 21
- Investing ~$1.4 billion in offices for nearly 3,500 new jobs across the USA

Apple

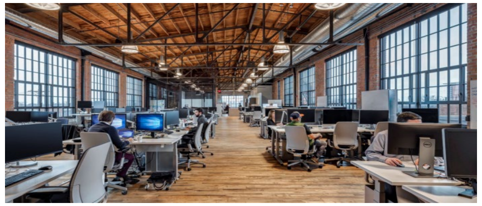
- Workers soon to be welcomed back to office in the new Apple Park, California
- 12,000 employee capacity in 2.8 million sqft
- 80% of site is green space

Ernst & Young

- Expect all employees back at the office April, had originally planned to do so in January
- Back to the office also means back to the client's office

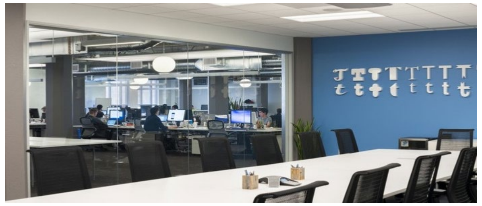
NOT RETURNING

Ford



- White-collars can chose to WFH indefinitely if flexible- hours approved by manager
- Will redesign corporate office to be versatile and adaptable, and add technology to enhance connectivity

Twitter



- Employees can work from home for as long they see fit
- Offices are still open to employees who prefer an office setting, but density has been low for months

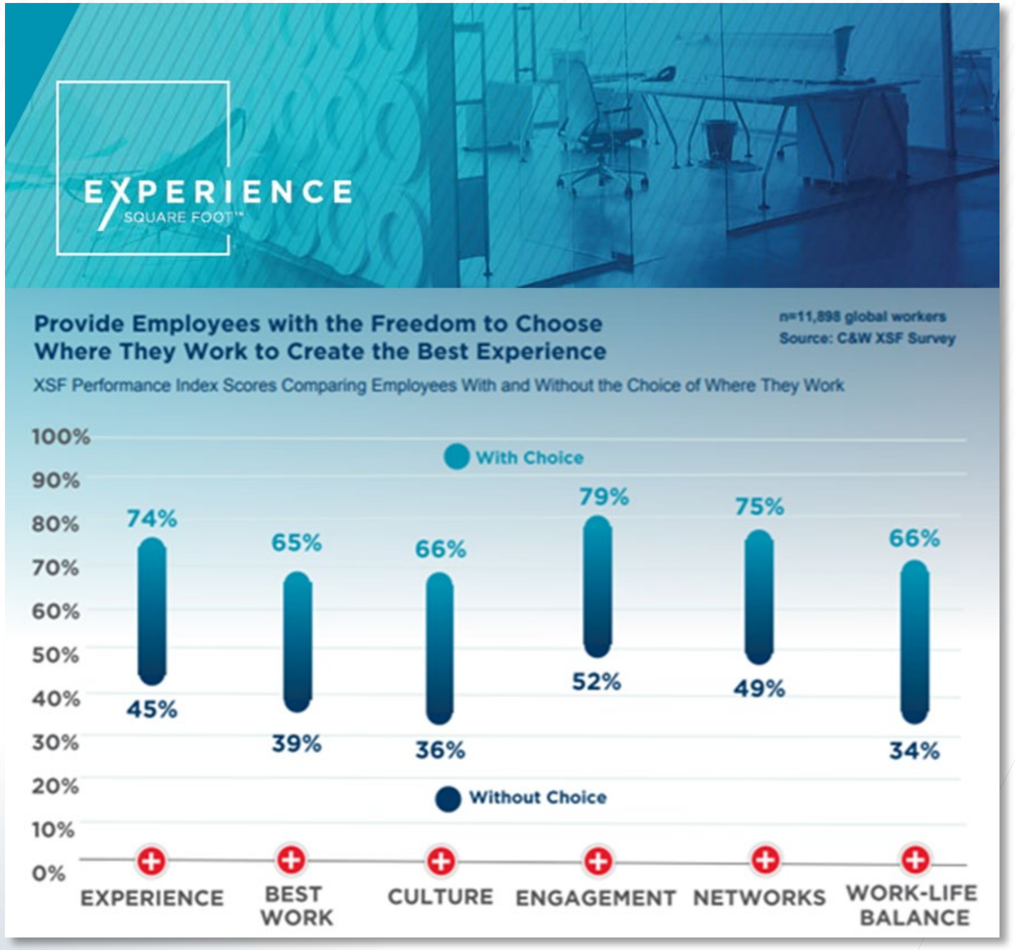
Hitachi

- Shifting from an office-centric culture to promoting a "Time-& Location-Free workstyle"
- Embracing the "New Normal" start from process innovation & office innovation
- Equip managers with the right skill & knowledge for them to advocate

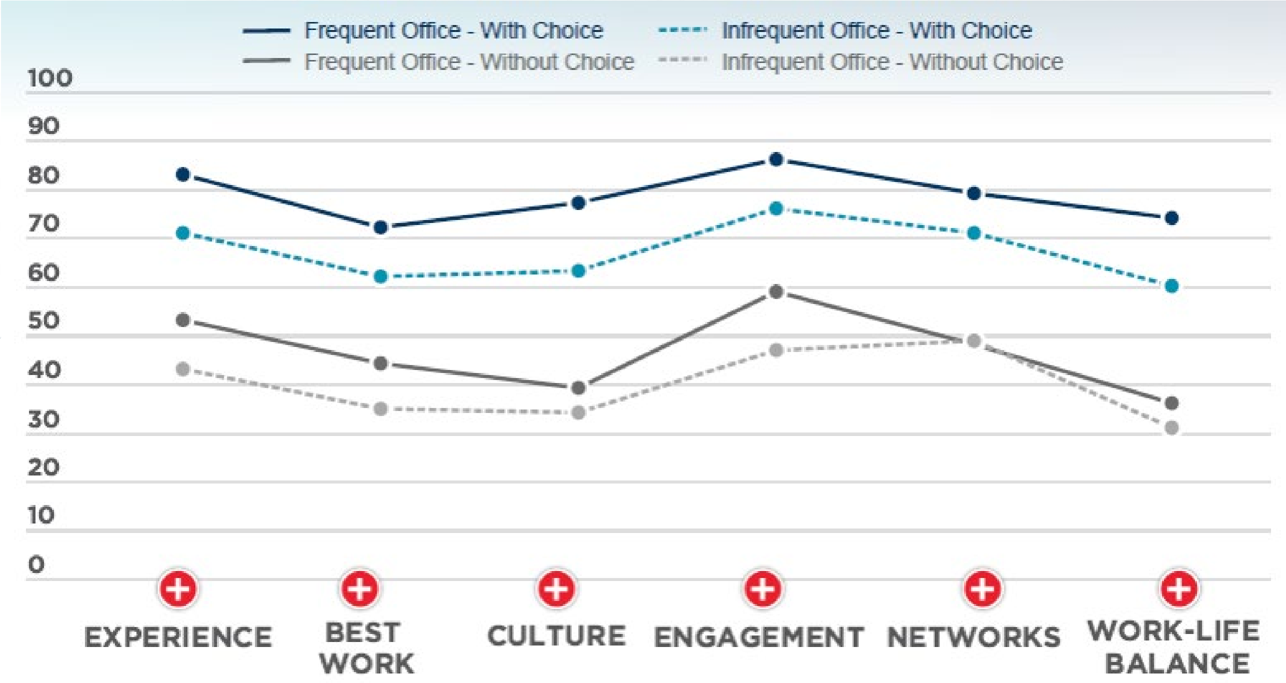
Salesforce

- Offers employees 3 options: flex, fully-remote, office-based
- Will redesign its offices into community hubs to accommodate hybrid work styles

Latest XSF insights



Clear evidence supports that having CHOICE and COMING TO THE OFFICE remains important to retain & attract talent



GLOBAL RECOVERY JOURNEY

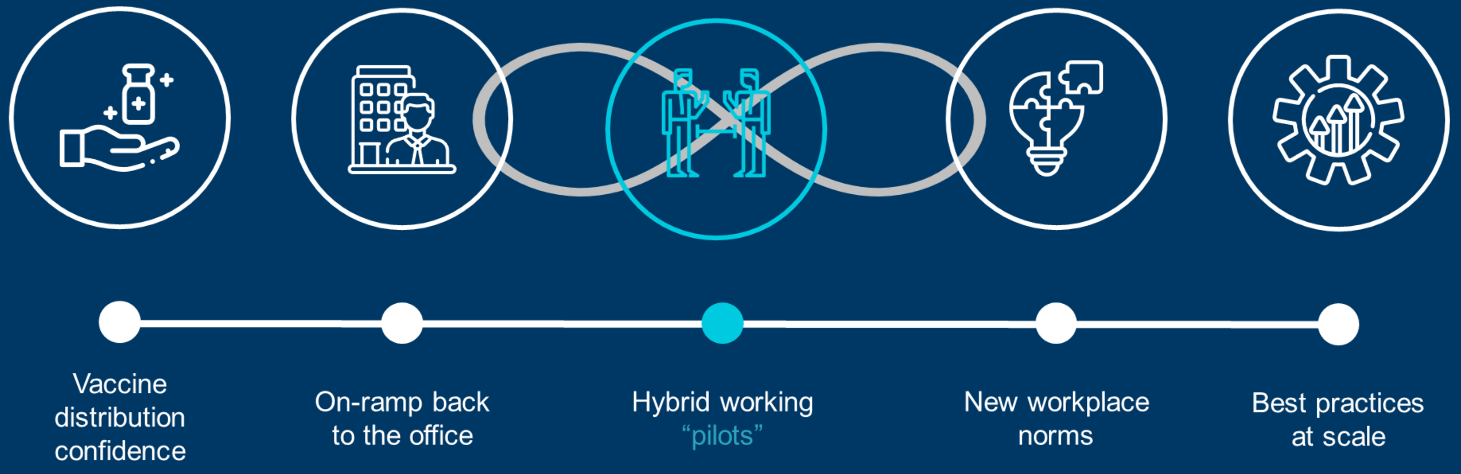
An agile & iterative approach to manage uncertainty

Short term vs **Long term**
ENTERPRISE GOALS

Hybrid settings vs **static bricks & mortar**

Employer vs **Employee**
EXPECTATIONS

HYBRID WORKPLACE



To achieve a successful transformation towards a hybrid total workplace ecosystem, an integrated, multi-disciplined approach is recommended.

It is tempting to seek short-term savings by reducing space, but such reactions can undermine enterprise goals.

It is important to consider how targeted reinvestment can help address **the intersection of people and place that ultimately drives company performance**.

Active recovery

ALIGNING SPACE WITH STAKEHOLDER PRIORITIES (ALIGNED GOALS & BUDGETS)

EXPERIENCE

Efficiency
Agility & Flexibility

"Our space is empty; we need to fill desks!"
— CFO

The Financial Perspective: Enable Efficient Use Space
- Reduce real estate (space)
- Reduce individual assigned desks
- Reduce carbon footprint
- Reduce work-related travel
- Reduce waste (wasted time and wasted space)

Effectiveness
Business Performance

"If we're going to survive as a company, we need new ways to do our best work."
— COO

The Business Performance Perspective: Ensure Effective & Equitable Collaboration Experiences
- Increase flexibility & choice of when and where to work
- Increase spaces for collaboration and innovation
- Increase knowledge transfer and speed of decision making
- Reduce waste (wasted time and wasted space)

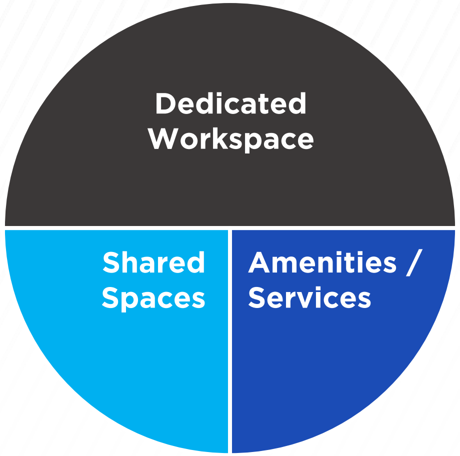
Engagement
Culture & Values

"Our culture seems to be running on fumes."
— CHRO

The People Perspective: Facilitate Engagement with Culture & Knowledge
- Increase focus on talent, mentorship, and career opportunities
- Increase focus on community, shared values and culture
- Increase engagement and Inspire people to do their best work
- Increase wellbeing and reduce absenteeism

Shifts in space allocation

CURRENT SPACE ALLOCATION



SAME FOOTPRINT, BETTER EXPERIENCE

REALIGN SPACE

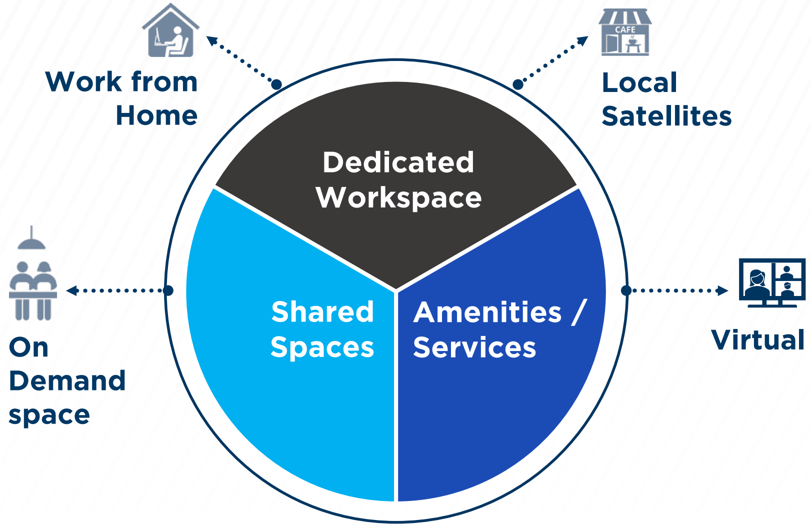
Support the drivers for coming to the office

- Connection, collaboration and knowledge share
- Productive work separate from home life
- Access to better network connectivity, equipment and ergonomic workspace

Business Goal: Effectiveness

Increased space utilisation, team and business performance and employee engagement

LESS SPACE, BETTER EXPERIENCE



LEVERAGE AN ECOSYSTEM OF WORK ENVIRONMENTS

Enable employees' best work and drive efficiency

- Regain lost commute time in productivity
- Increased flexibility, work-life balance and wellbeing
- Choice of work environment aligned with need

Business Goal: Optimisation

Optimal space efficiency, business resilience and employee experience

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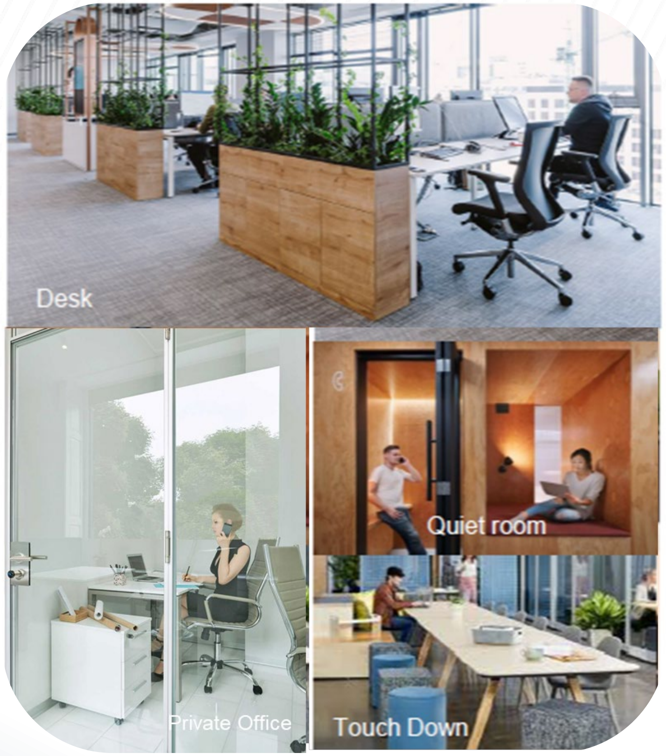
How will space change?

REALIGNING SPACE TO MEETING THE SHIFTING NEEDS OF WORKERS

INDIVIDUAL WORKSPACE

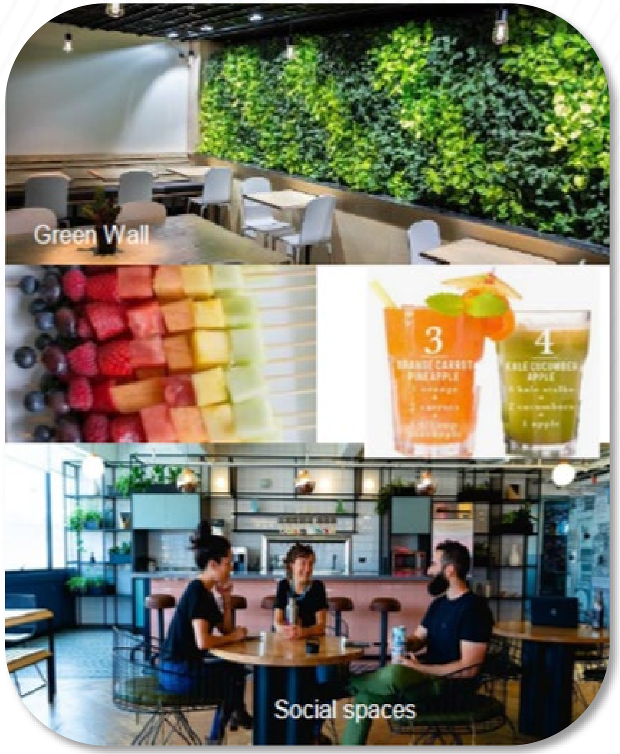


60% → 30%

COLLABORATIVE SPACE

30% → 50%

SUPPORT & WELLBEING



5% → 20%

Supported by real-time data for space utilisation and experience management

GLOBAL RECOVERY JOURNEY

Change management is more integral than ever

PAST

Hot desking

Static Working Practices → Agile Working Practices

Activity based working

Traditional Office Design → Activity Based Working

Collaborations

Low collaboration levels → Enhanced social and work-related collaboration

\+

PRESENT

Experience

Office → Ecosystem of places

People management

In-person → Virtual

Technology

Digitalization drive → Virtual collaboration tools

Q&A

Please submit your questions in the Q&A box.

ANDREW PHIPPS *(moderator)*
Head of Business Development, EMEA & Local Markets

KEVIN THORPE
Chief Economist,
Global Head of Research

DAVID HUTCHINGS
Head of European Investment Strategy

DESPINA KATSIKAKIS
Global Head of Total Workplace

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THANK YOU

CUSHMAN & WAKEFIELD

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