

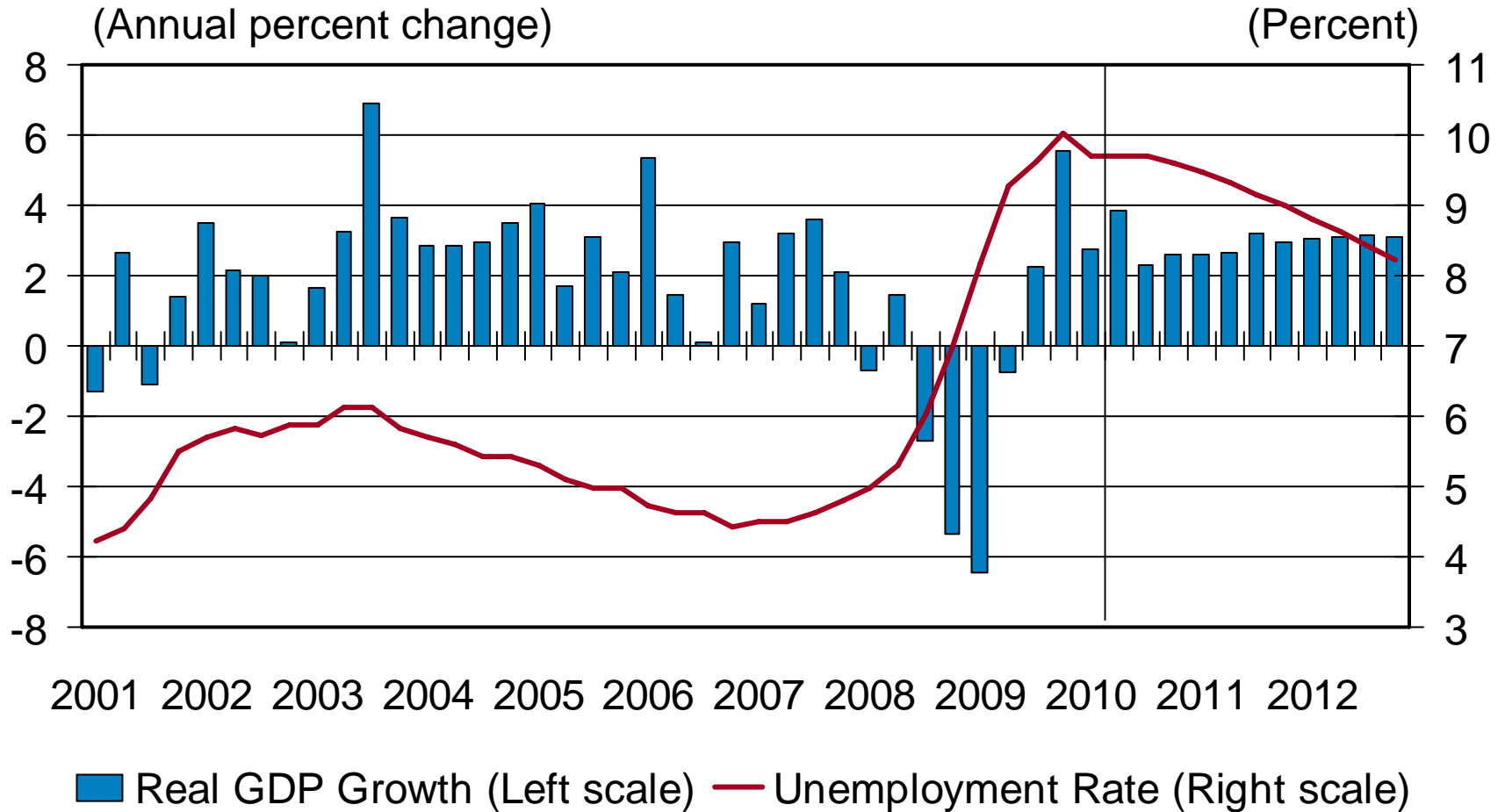
The Commercial Real Estate Outlook

Patrick Newport
U.S. Economist
July 2010

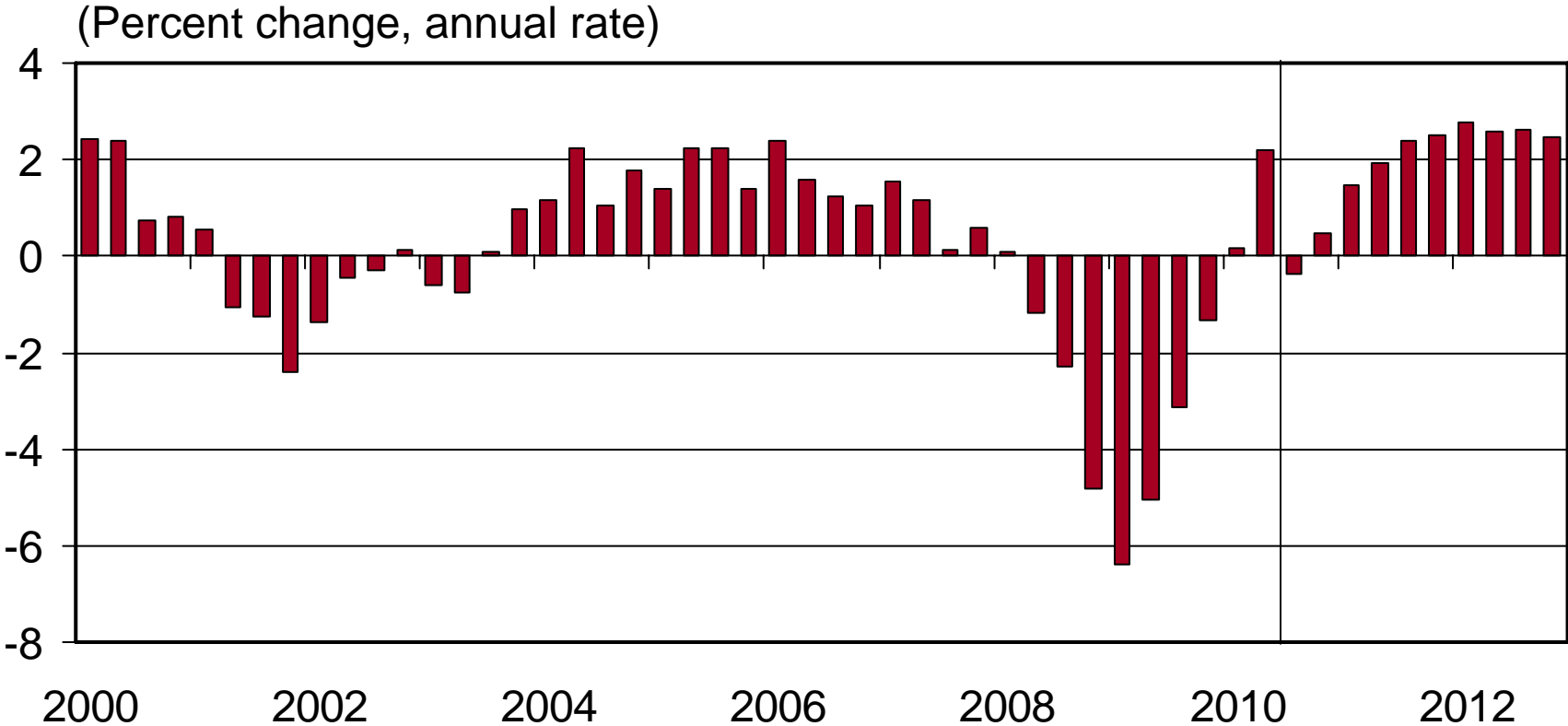


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The U.S. Expansion Proceeds at a Slower Pace



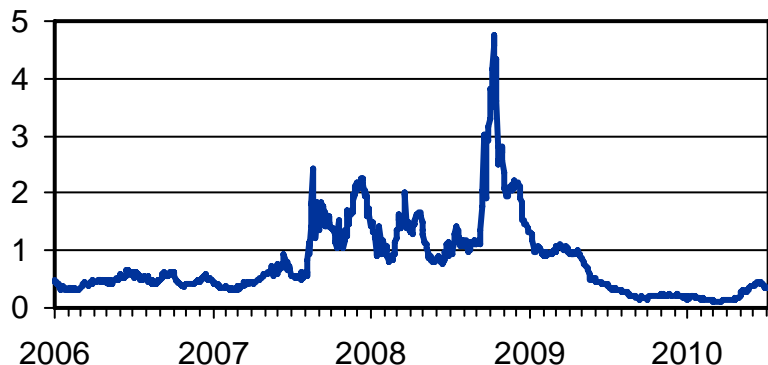
Payroll Employment Begins to Recover



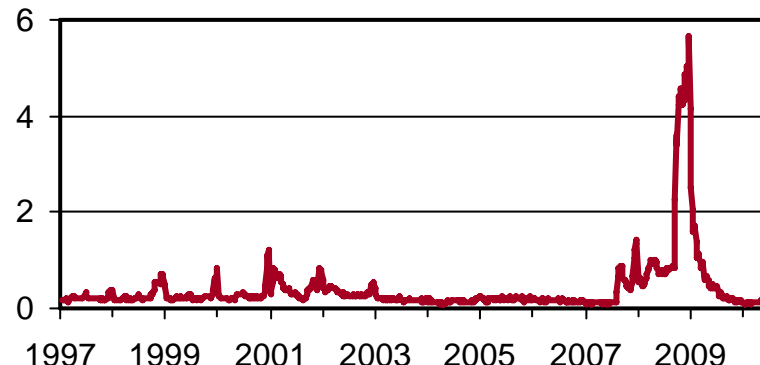
The Stress in Financial Markets Has Been Reduced Considerably

(Percentage points)

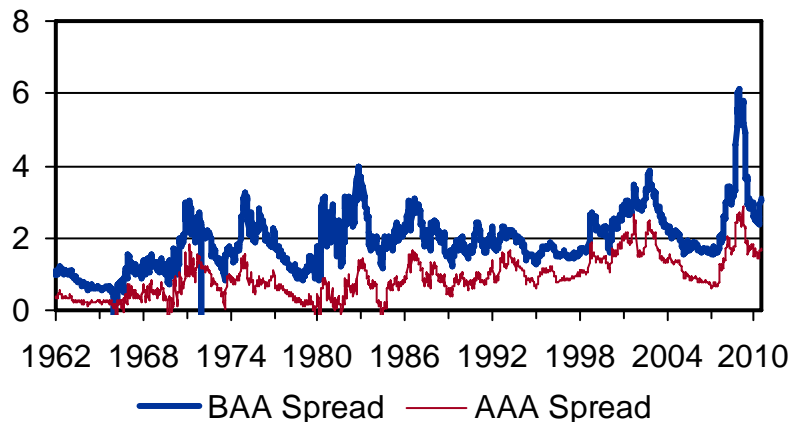
TED Spread*



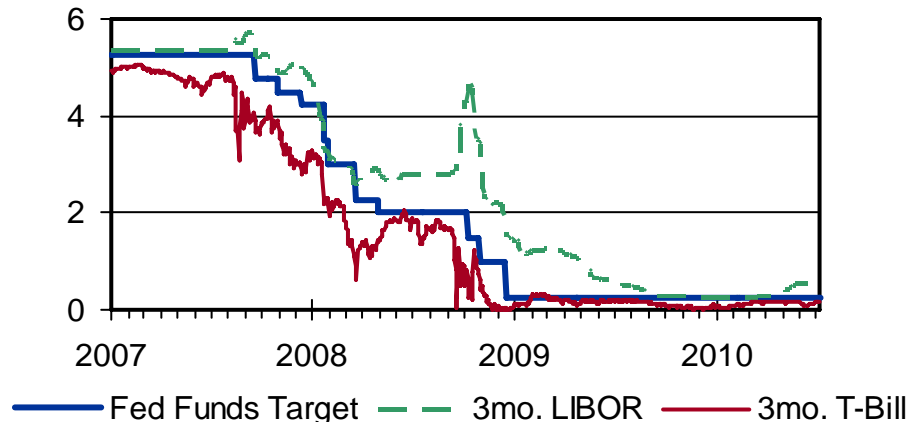
Commercial Paper Spreads**



Corporate Bond Spreads***

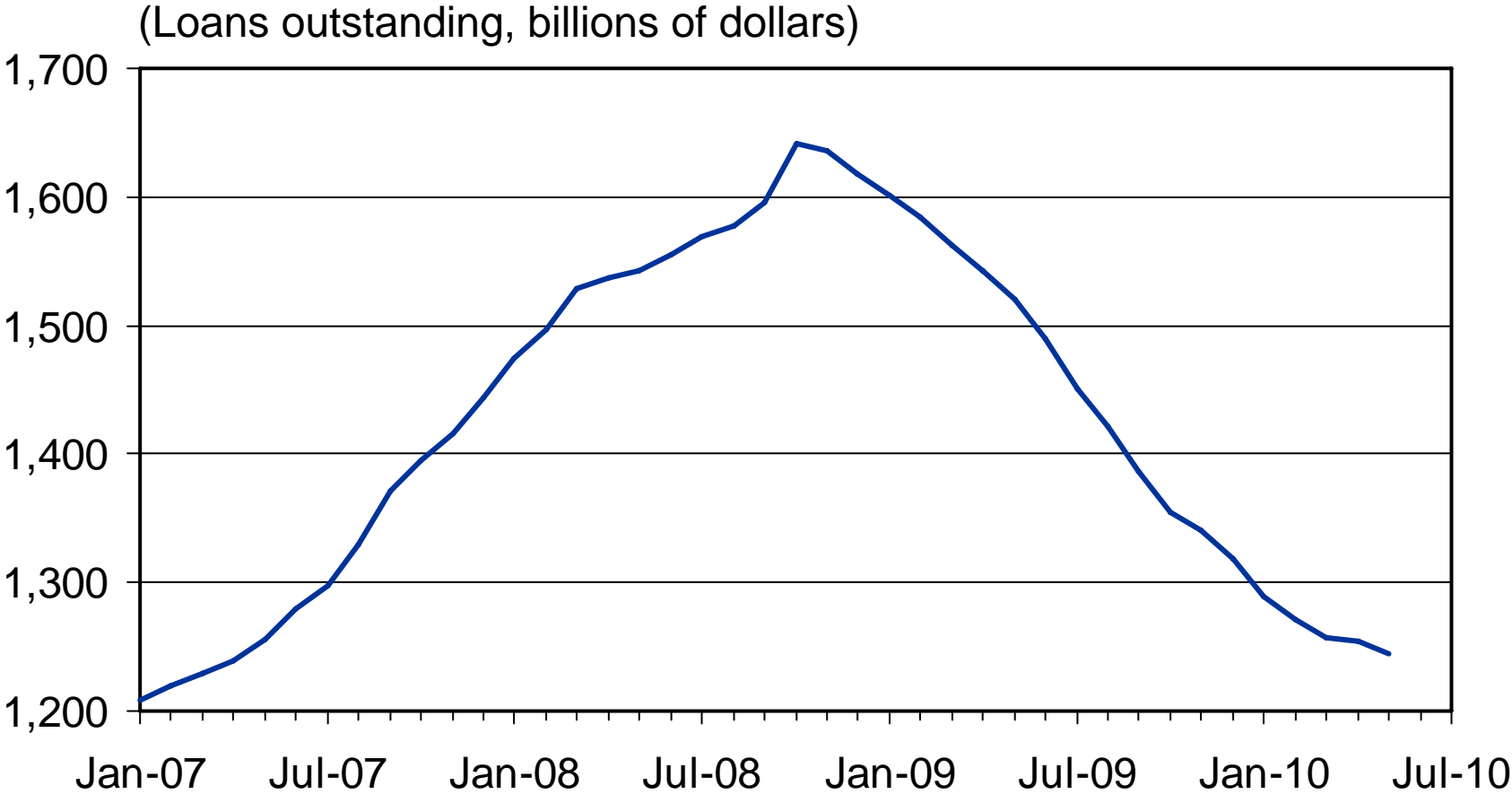


Fed Policy

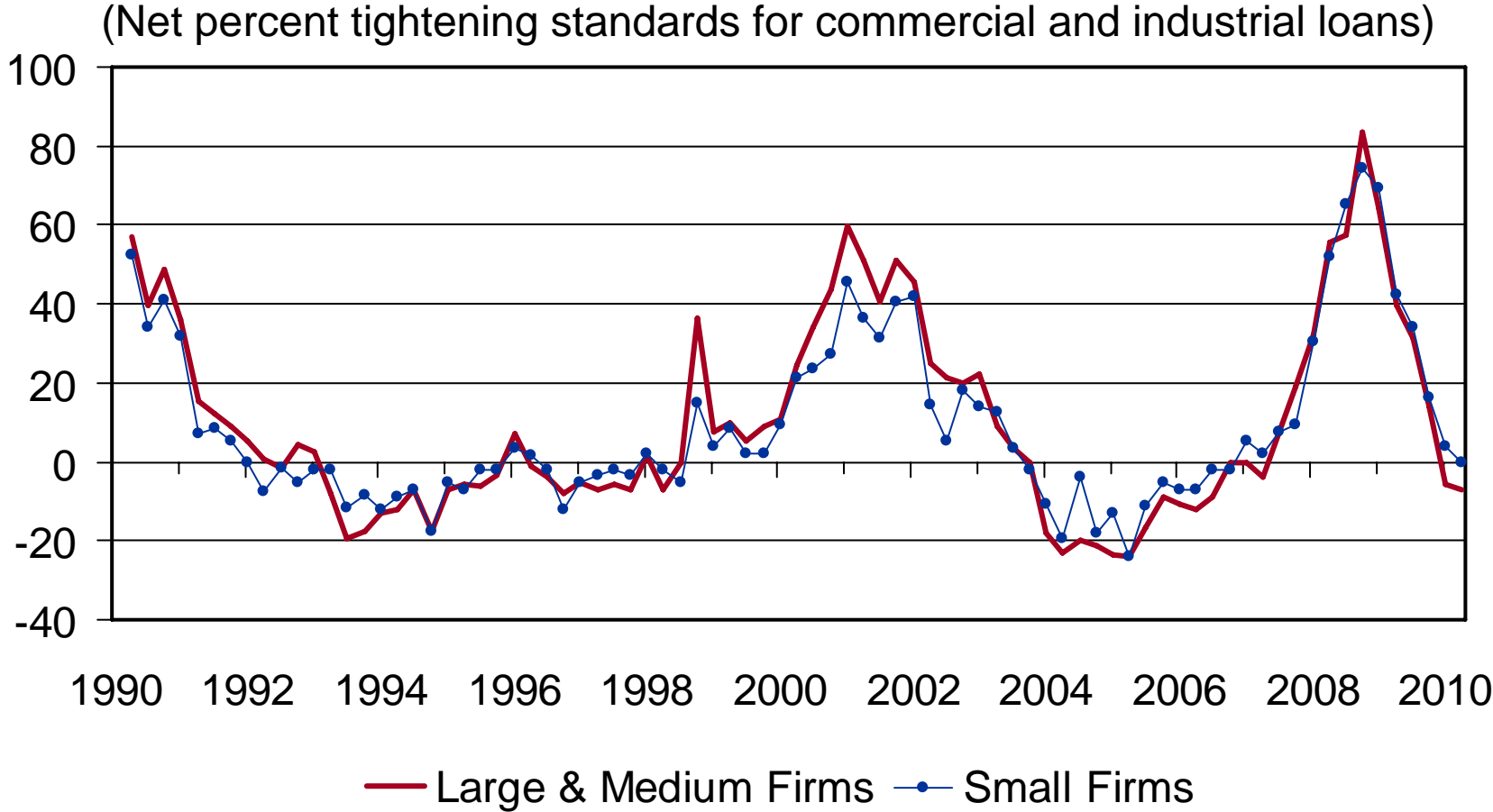


*3-month LIBOR less 3-month Treasury bill rate;** Low-Quality (A2/P2) over High-Quality (AA), 30-day spread, non-financial; *** Corporate Yield Less 10-Year Treasury

Bank Commercial and Industrial Loans: Still Shrinking



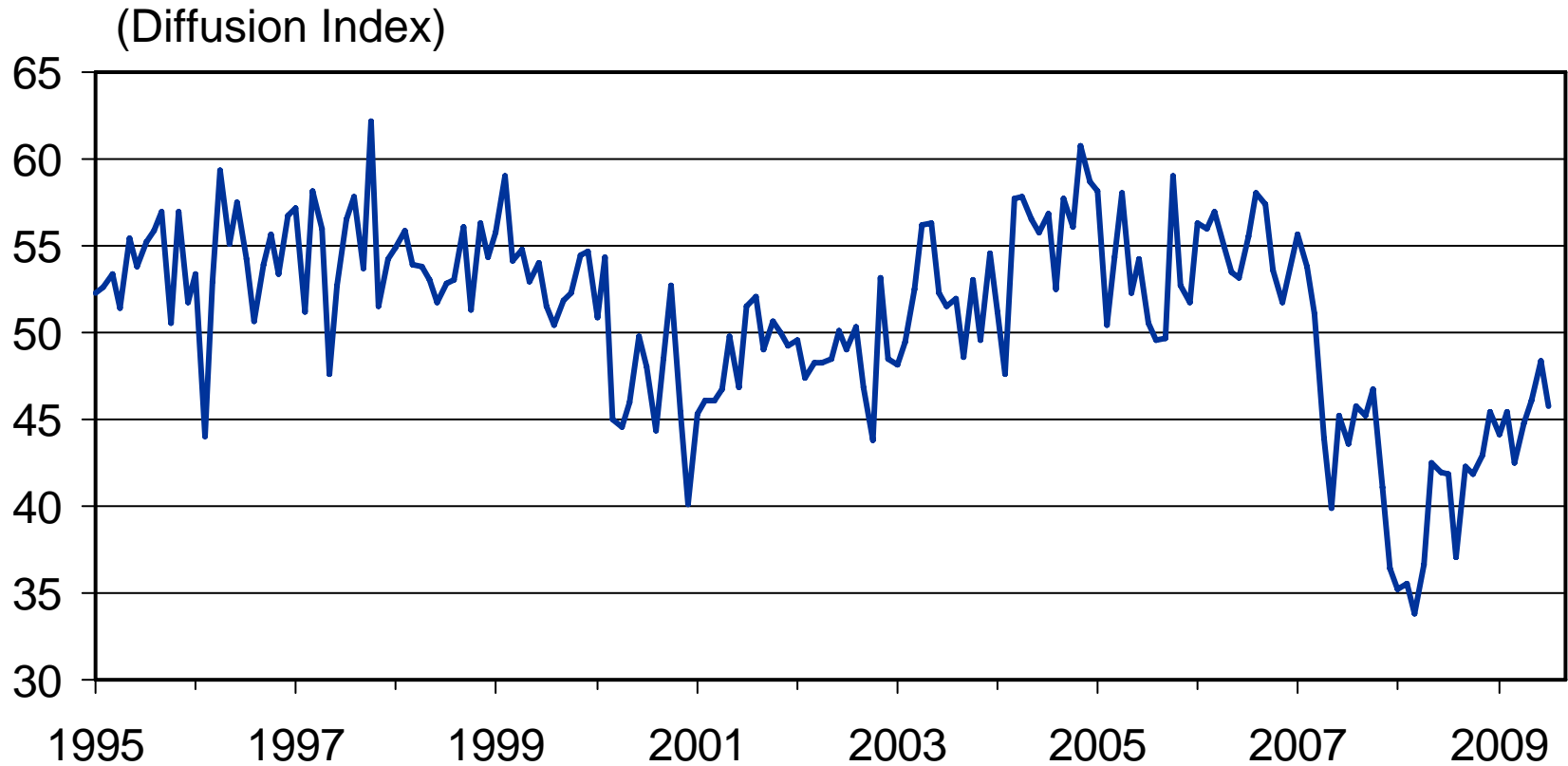
Commercial and Industrial Loan Standards No Longer Tightening



Source: Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices



Nonresidential Construction: Architects' Billings Still Soft, But Off the Floor

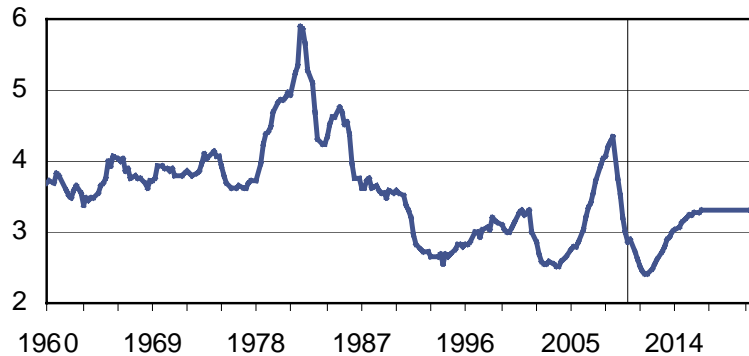


* Source: American Institute of Architects

The Downturn Has Another Year to Go

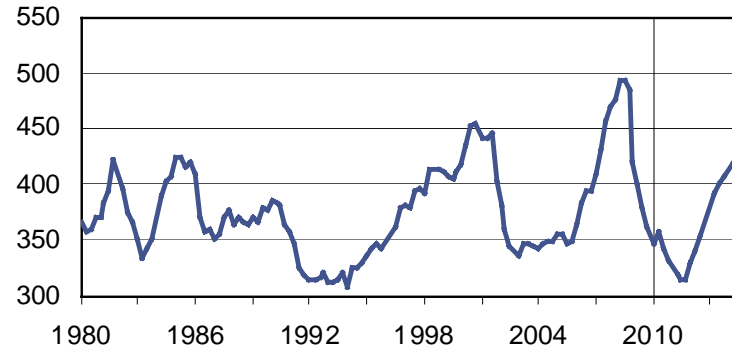
Nonresidential Construction as a Share of GDP

(Percent)



Nonresidential Construction

(Billions, chained 2005 dollars)

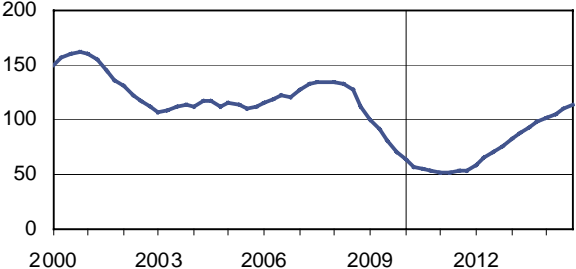


- Spending stabilizes at just over 3% of GDP
- Real spending turns around in the second half of 2011.

Real Spending Declines Across the Board

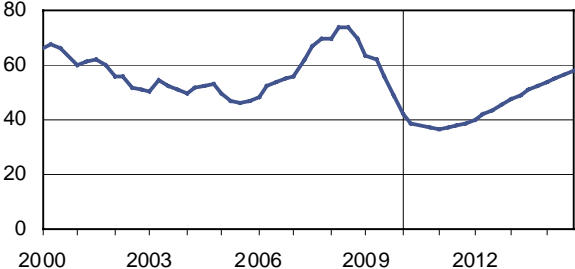
Office and Commercial

(Billions, chained 2005 dollars)



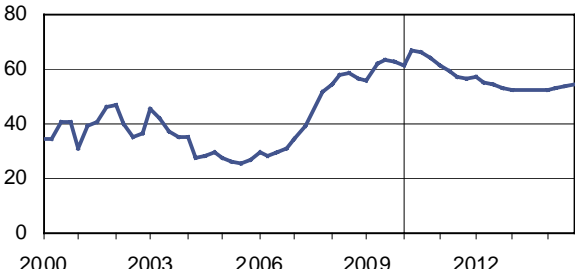
Miscellaneous Structures

(Billions, chained 2005 dollars)



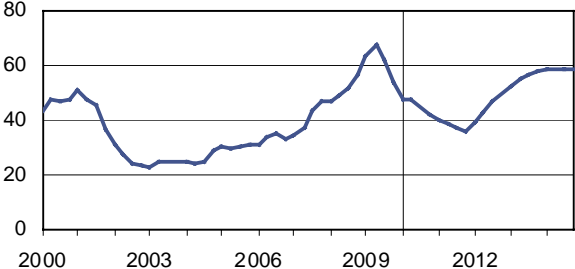
Power Plants

(Billions, chained 2005 dollars)



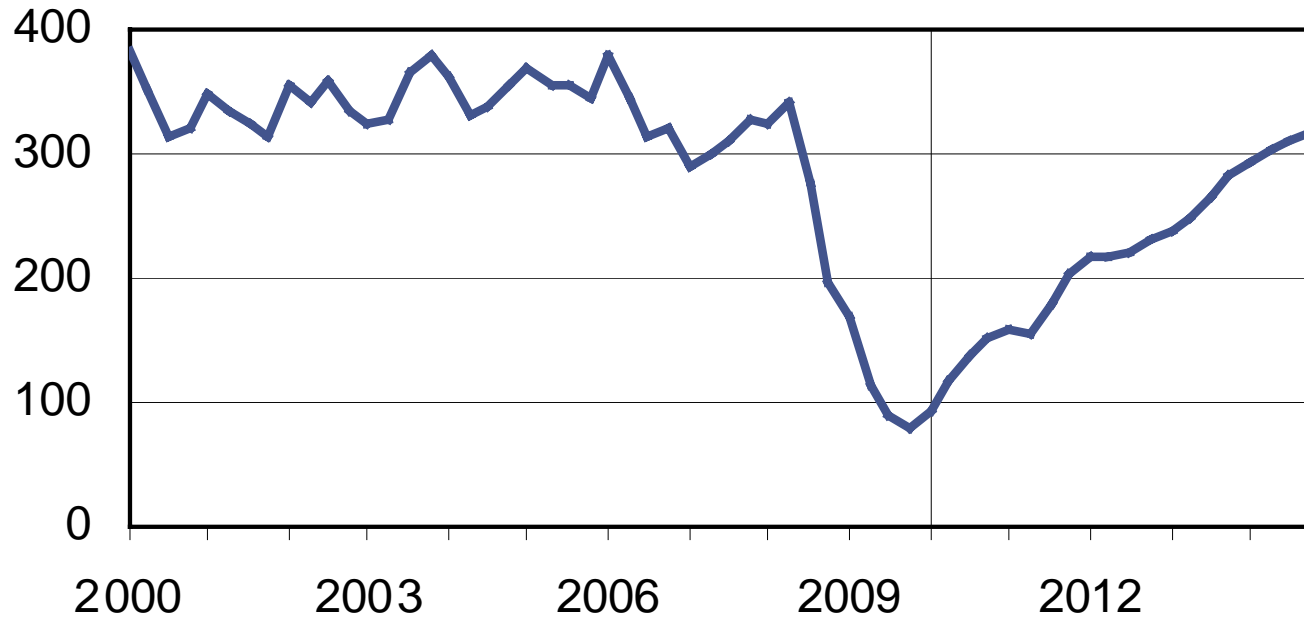
Industrial Structures

(Millions)



Multi-Family Housing Activity: Bottoming Out?

(Thousands units, annual rate)



Thank you!

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