

# What Does the Future Hold for the Real Estate Market?

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## Overview

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- 1 Aging of the U.S. population
- 2 Likelihood of a low growth, low yield world for the next decade and beyond
- 3 Implications for real estate investing in the future
- 4 The Current Economic and Capital Market Environment
- 5 Commercial Real Estate Market Fundamentals
- 6 Recommended Strategy

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## Demographic Trends



Population Growth is Decelerating



Less Consumption, More Health-Related Expenditures



Population Aging is Accelerating



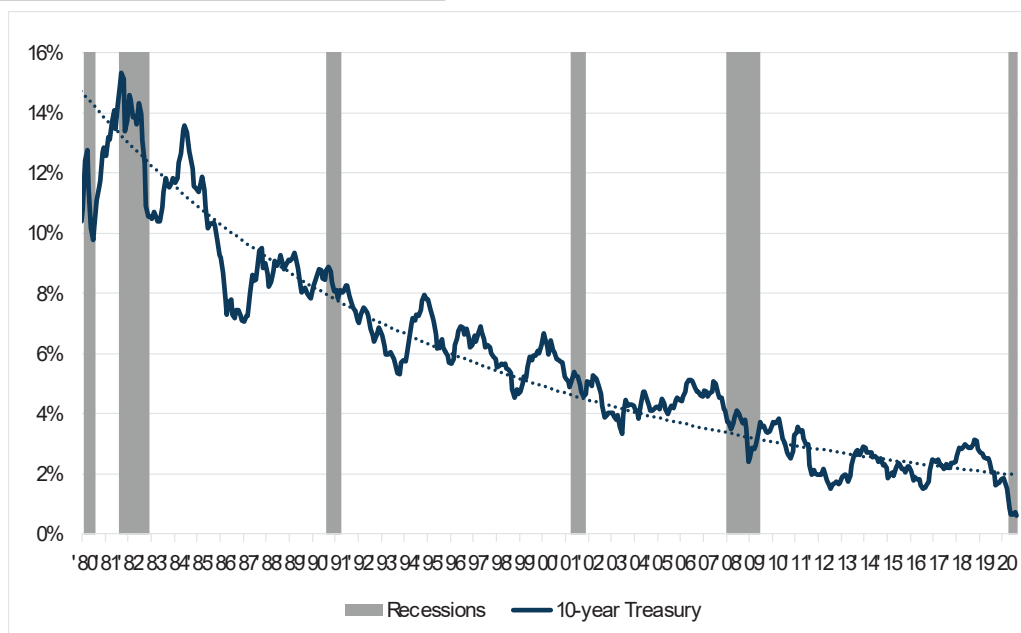
The Dependency Ratio is Increasing



Working-Age Population Growth Will Fall by Half

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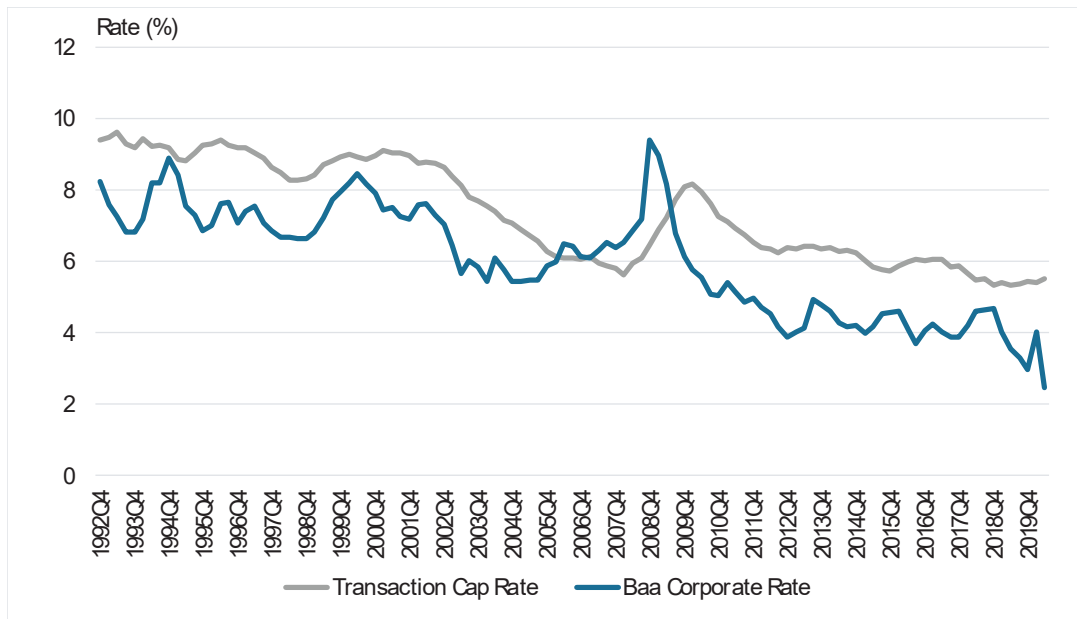
## Secular Decline in Long-Term Government Bond Yields



Sources: Federal Reserve Bank of NY; USAA Real Estate Research

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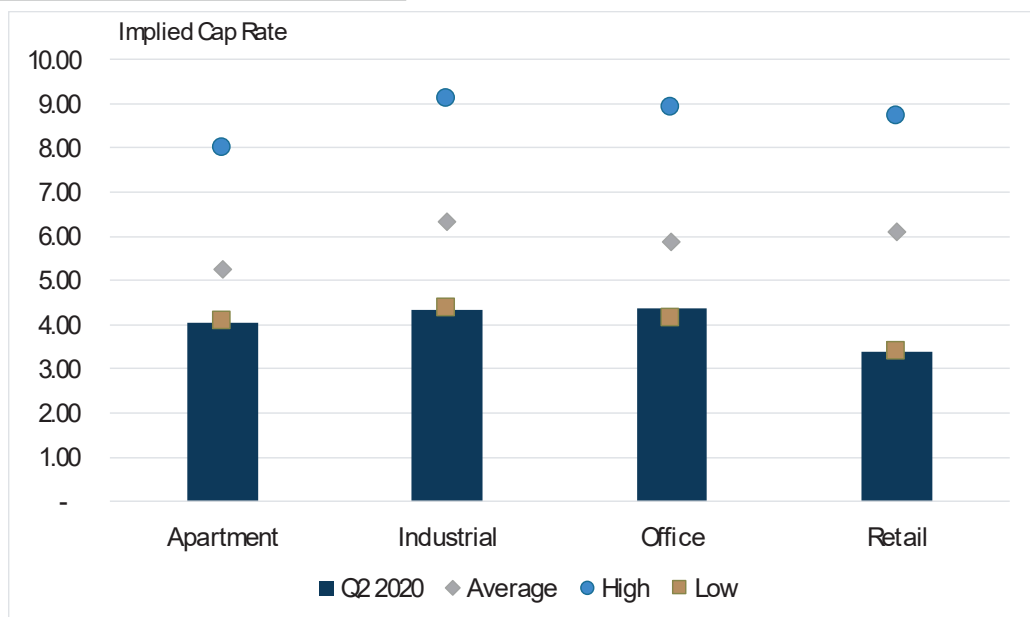
## Property Yields and Corporate Bonds Trended Lower Over Time



Sources: NCREIF; Bloomberg; USAA Real Estate Research

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## Cap Rates Likely to Remain Below Long-Term Averages



Note: Values shown are for long-term averages and second quarter 2020 levels.  
Sources: NCREIF; USAA Real Estate Research

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