

What Does the Future Hold for the Real Estate Market?

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Overview

- 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



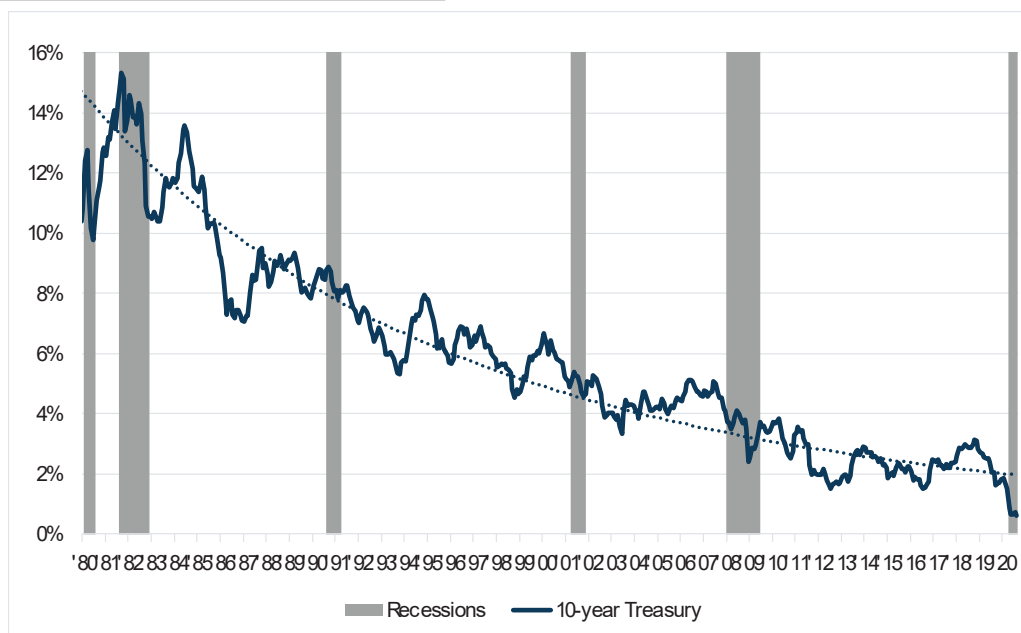
The Dependency Ratio is Increasing



Working-Age Population Growth Will Fall by Half

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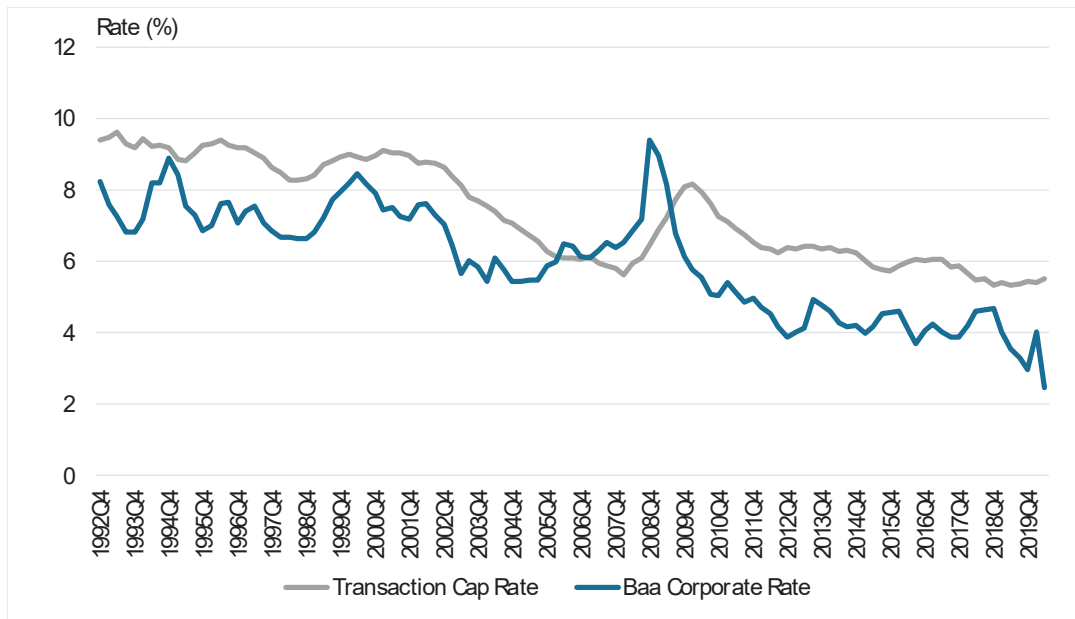
Secular Decline in Long-Term Government Bond Yields



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

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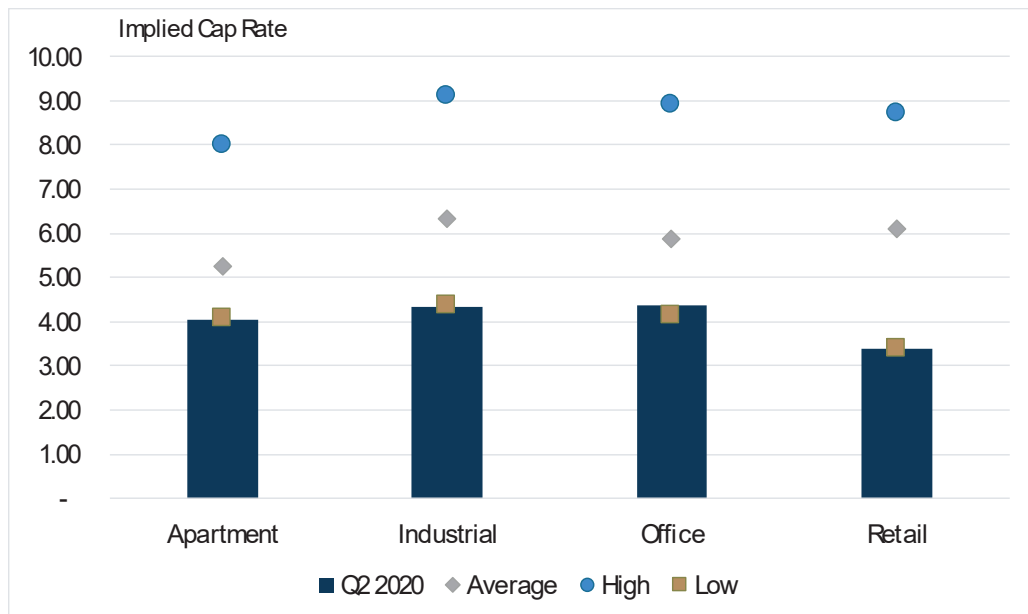
Property Yields and Corporate Bonds Trended Lower Over Time



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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First appeared as part of the conference materials for the
54th Annual William W. Gibson, Jr. Mortgage Lending and Servicing Institute session
"What Does the Future Hold for the Commercial Real Estate Market?"