



Real Estate Issues - Are We Prepared for the Office Apocalypse?

**42nd Annual Jay L. Westbrook
Bankruptcy Conference**



November 2023

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Current Real Estate Market Trends and Restructuring Opportunities

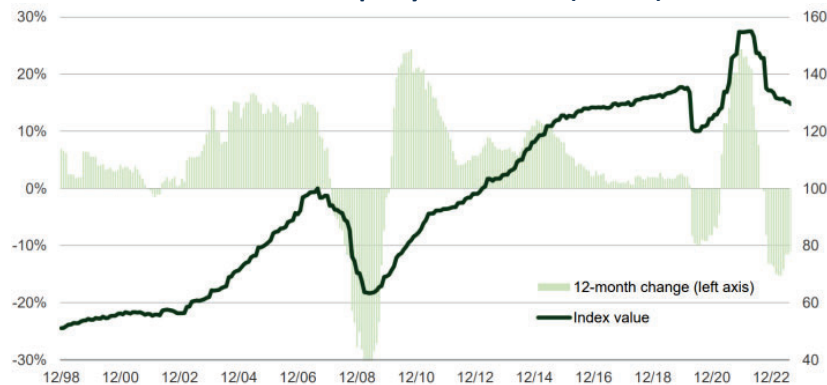


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As of September 2023, Property Price Index Fell 16% Since It Last Peaked in March 2022

Green Street Commercial Property Price Index ("CPPI")



| Change in CPPI Values by Property Type | Past 12 Months | Recent Peak (03'22) |
|----------------------------------------|----------------|---------------------|
| Office | -27% | -31% |
| Apartment | -16% | -22% |
| Strip Retail | -8% | -15% |
| Mall | 2% | -16% |
| Industrial | 2% | -7% |
| Lodging | -4% | -5% |
| Green Street CPPI | -11% | -16% |

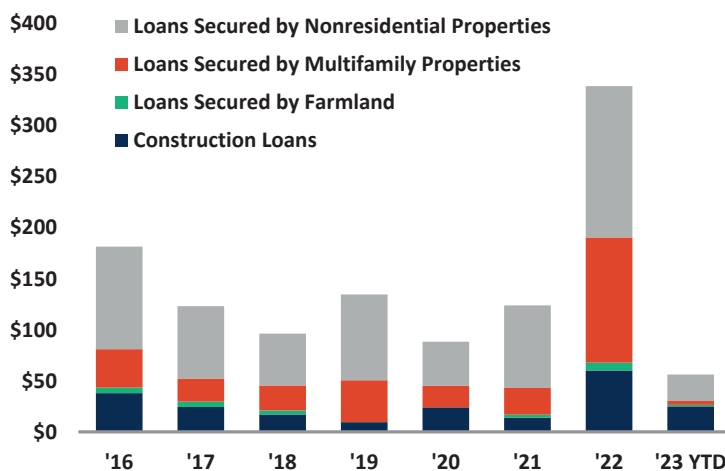
Nationally, office properties have experienced the largest drop in values in the last 1.5 years, followed by apartments.

Source: Green Street Commercial Property Price Index. Tracks the pricing of institutional-quality commercial real estate, as of 9/30/2023.

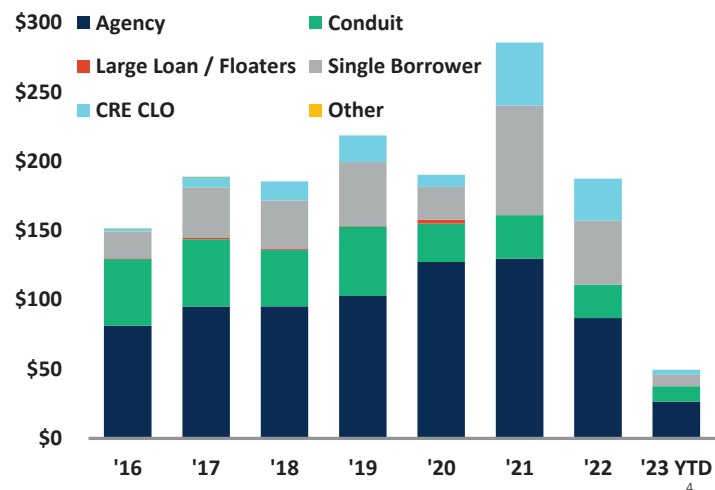
CRE Debt Flows Plummeted in 2023

Borrowing and lending dropped sharply in 2023 following rising debt costs, declining asset values, and various sector specific challenges. The severely constrained lending conditions are likely to continue in the immediate future.

Net CRE Lending by Banks (\$B)



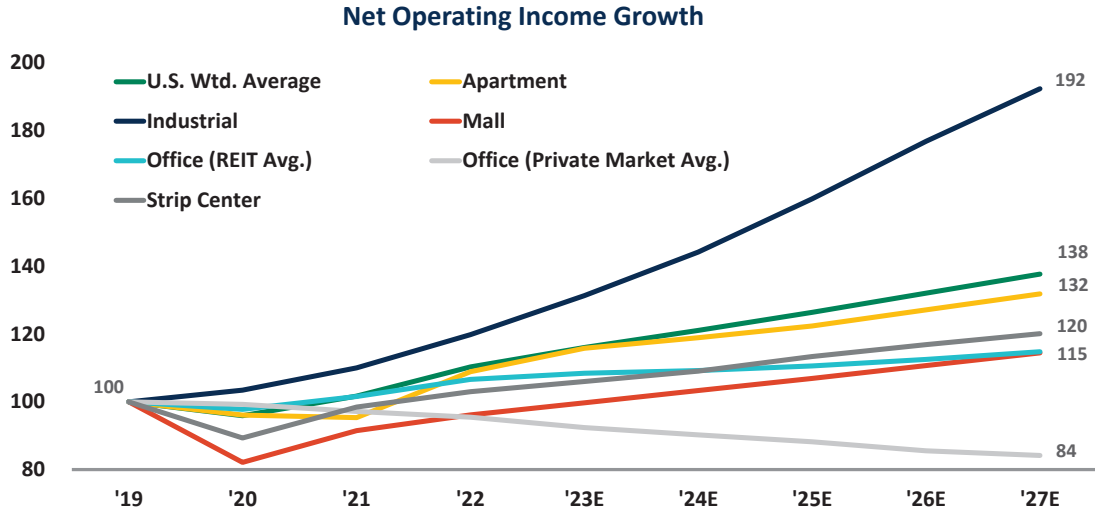
CMBS Issuance (\$B)



Source: Green Street Debt Insights (October 2023)

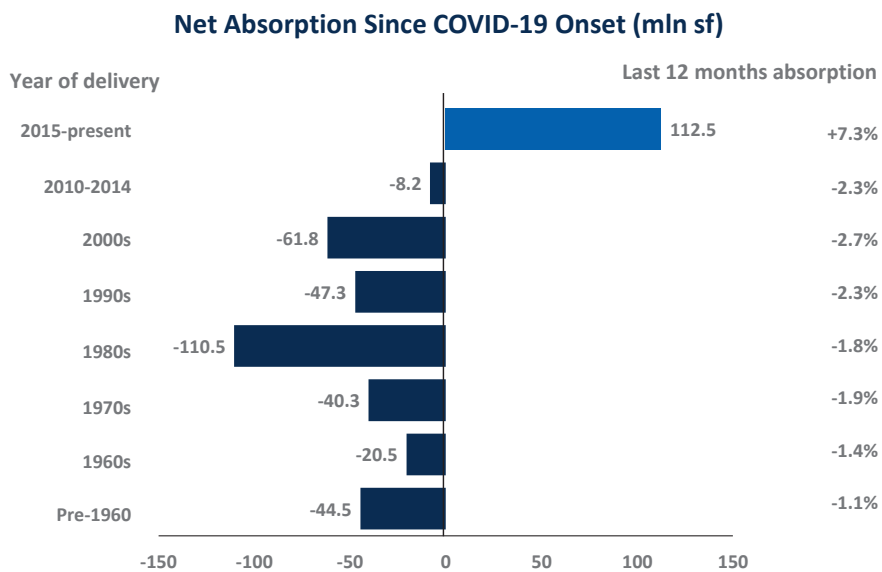
Office Private Market Sector NOI Declining

Office private market NOI has been declining and is expected to stay on this trajectory despite robust growth exhibited by other property types over the same period.



Source: Green Street Debt Insights (October 2023)

Competing for Tenants, Only Top-Tier Office Properties Are Seeing Positive Net Absorptions



Source: JLL Research; data as of Q2'23

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First appeared as part of the conference materials for the

42nd Annual Jay L. Westbrook Bankruptcy Conference session

"Leasing and Real Estate Issues - Are We Prepared for the Office Apocalypse?"