



2023 MARKET OUTLOOK

GLOBAL AND DOMESTIC PERSPECTIVES

BRIDGE
INVESTMENT
GROUP

MACRO THEMES AND KEY EVENTS

FRAMING THE INVESTMENT LANDSCAPE

The macroeconomic picture coming into focus. Major economies facing different trajectories. Bet on economic winners!

Global rate hike cycle: the near- and long-term implications.

Persistent inflation & the long-term interest rate regime.

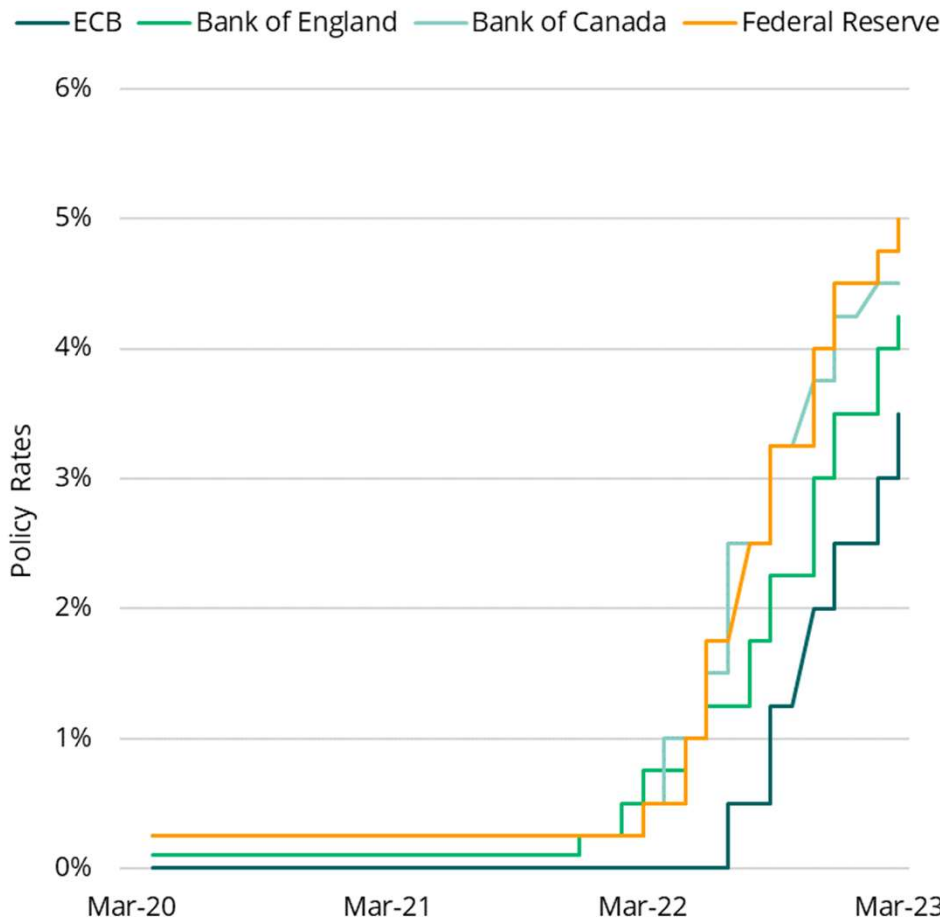
Uncertainty how and whether financial market stability informs monetary policy.

Globalization: shifting trade patterns; rising geopolitical tensions.

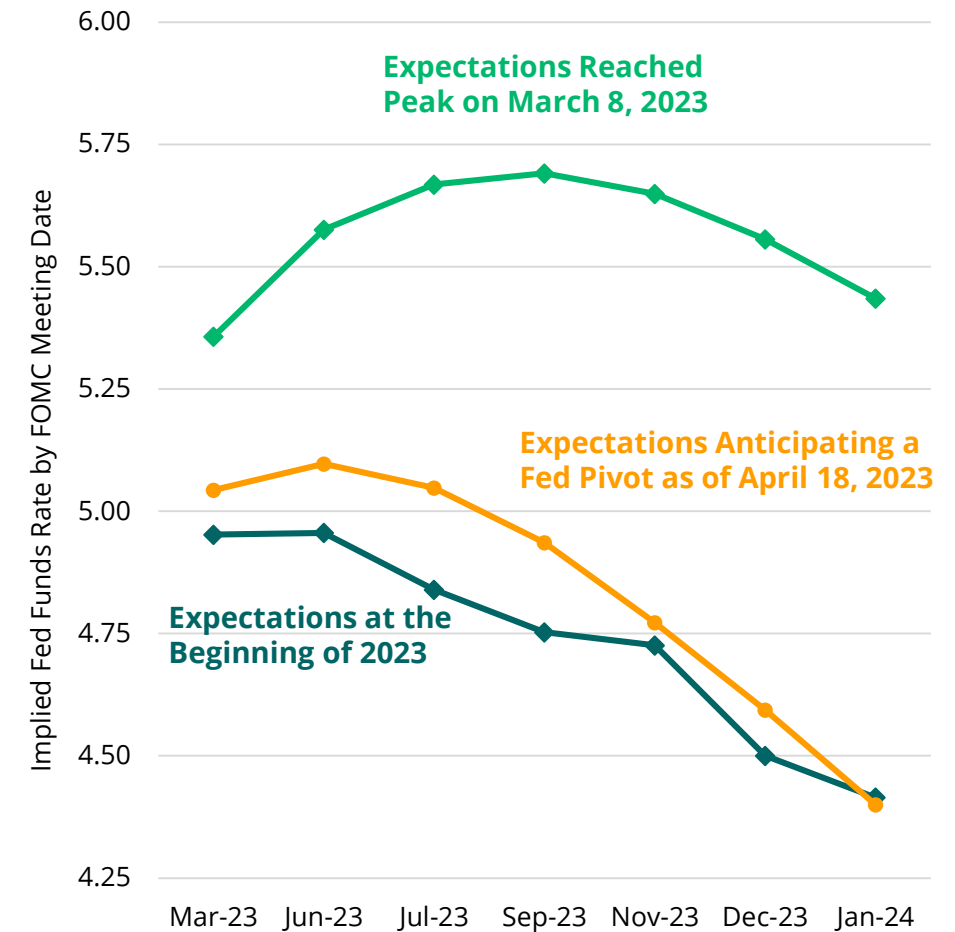
CENTRAL BANKS CONTINUE TO SHAPE THE ECONOMIC AND INVESTMENT LANDSCAPE

GLOBAL AND DOMESTIC IMPLICATIONS FOR REAL ESTATE

Rapid Tightening of Global Monetary Policy¹



Market Expectations Shifting over the Year¹

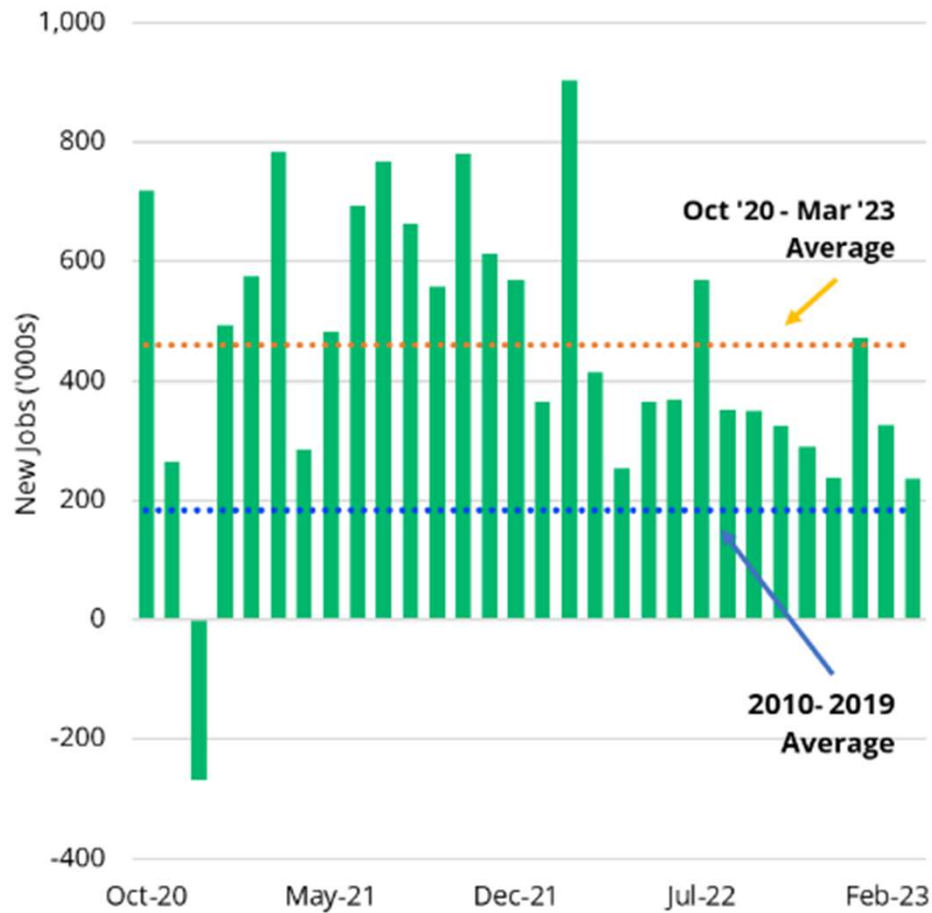


1. Bloomberg and US Bureau of Labor Statistics, as of April 7, 2023.

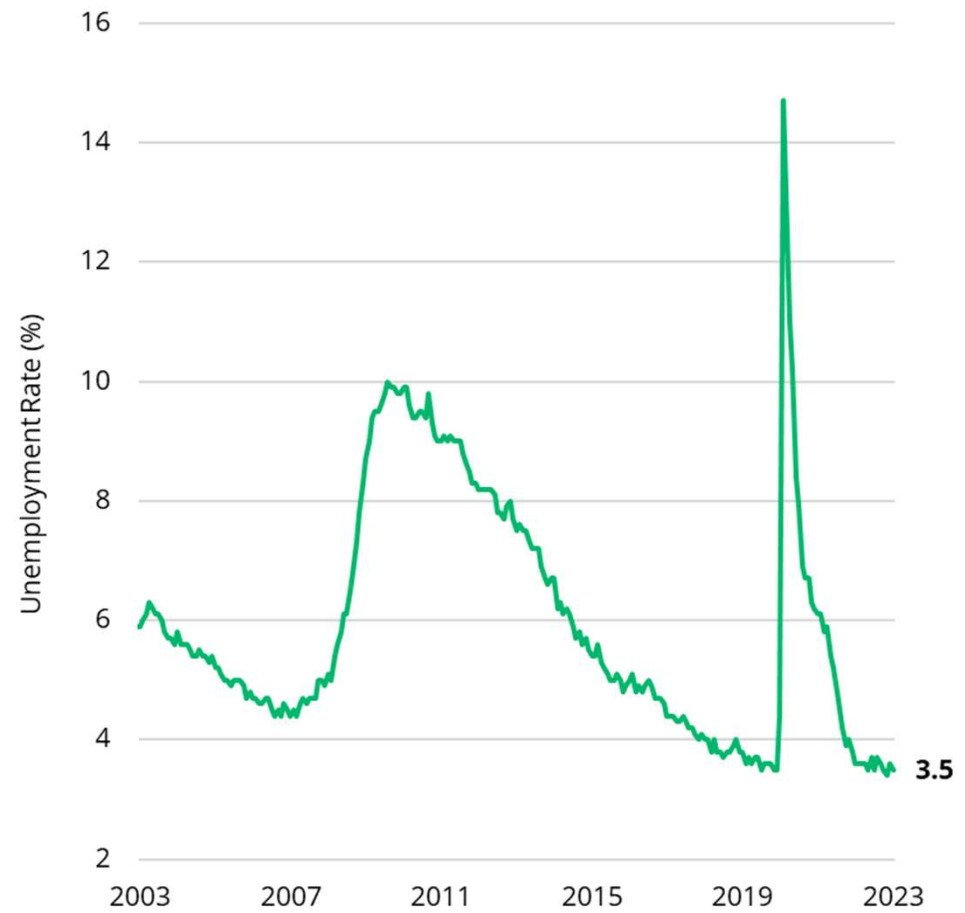
STATE OF THE US ECONOMY

LABOR MARKET STRENGTH UNDERPINS THE OUTLOOK FOR COMMERCIAL REAL ESTATE

US Employment Growth Supporting Household Stability¹



Tight Labor Market with Plentiful Jobs¹

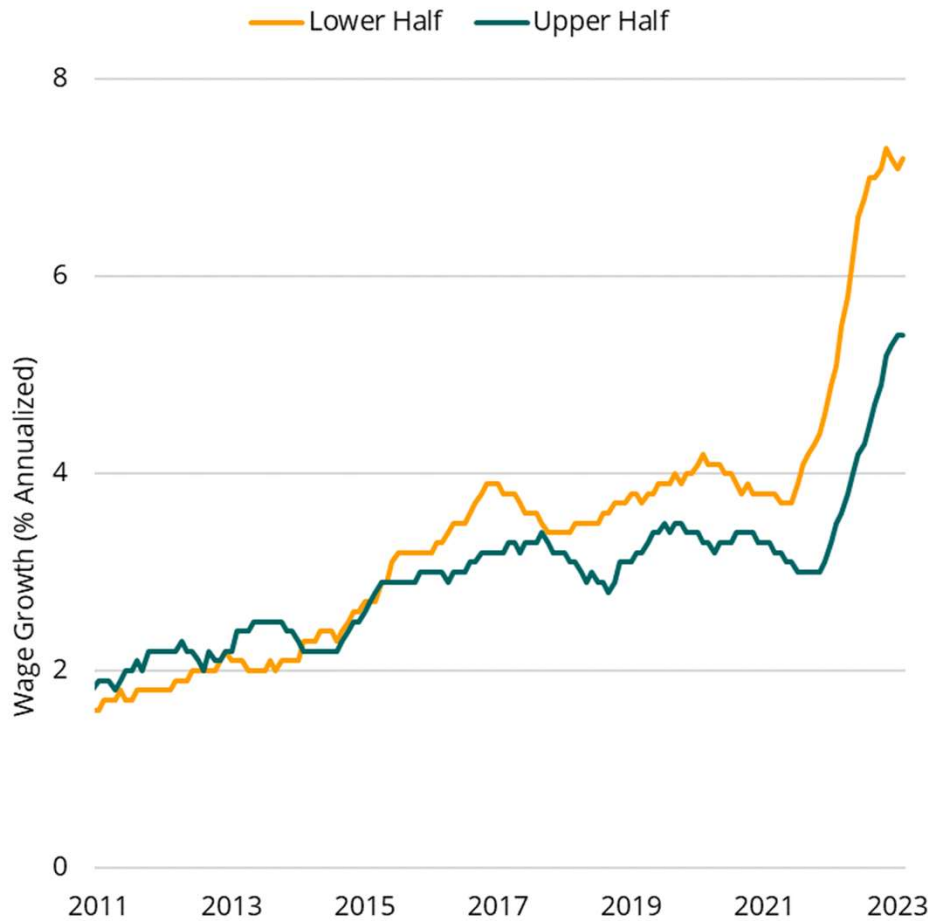


1. Bloomberg, US Bureau of Labor Statistics, as of April 8, 2023.

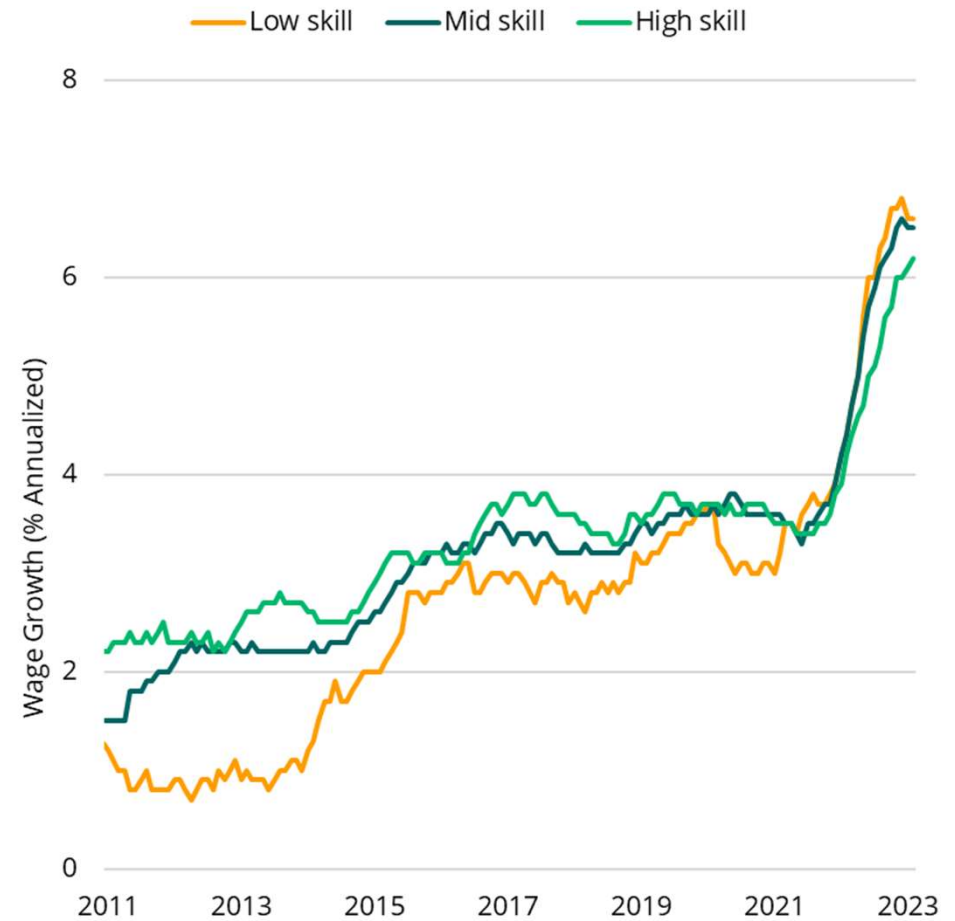
STATE OF THE US CONSUMER

WHERE THE HEALTH OF THE US CONSUMER GOES, SO TOO DOES THE US ECONOMY

Wage Growth Moving Higher in Lower Wage Areas¹



Wage Growth Is Broad-based Across Skills¹

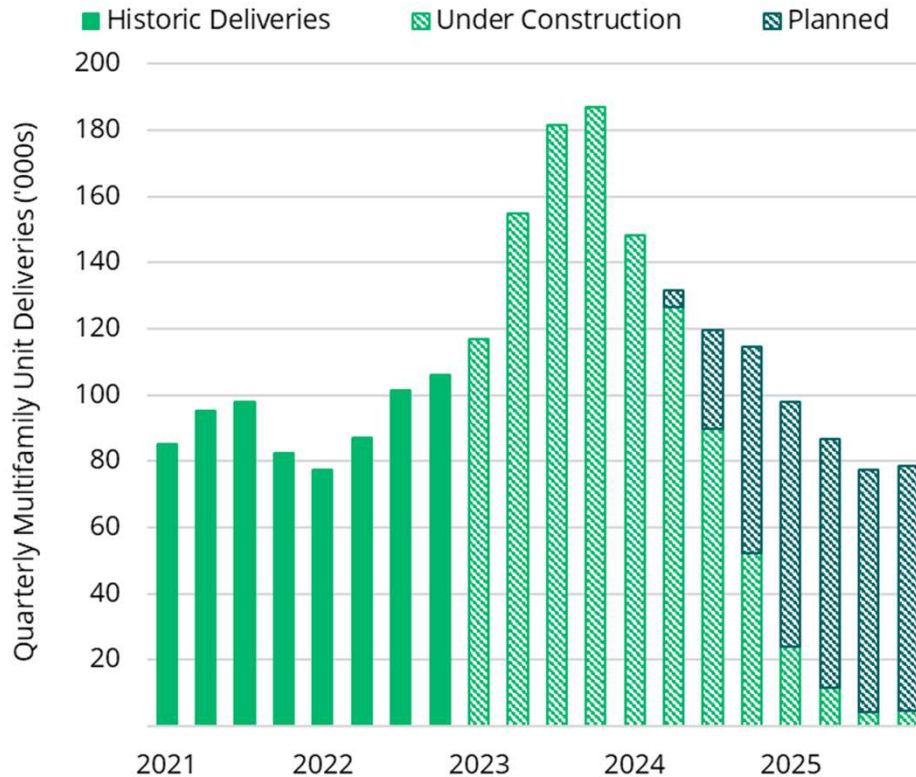


1. Federal Reserve Bank of Atlanta, *Wage Growth Tracker*, as of March 19, 2023.

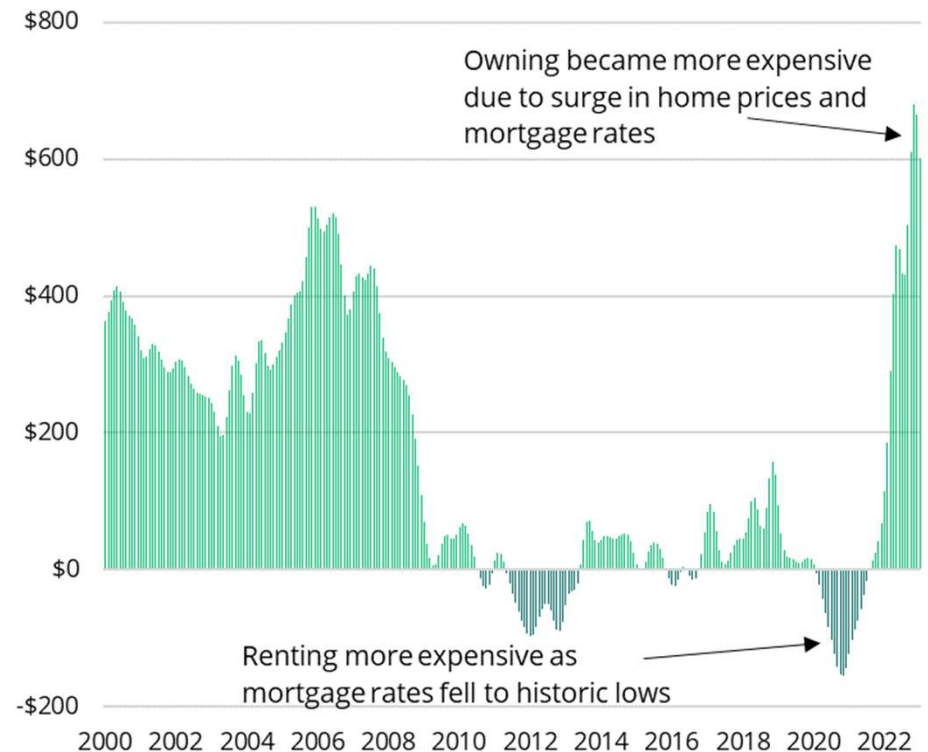
RENTAL RESIDENTIAL

DECADES OF UNDERBUILDING HAVE CREATED STRUCTURALLY LOW UNDERSUPPLY CONDITIONS

Multifamily Starts & Permits¹



Rent vs. Homeownership Premium²



Housing continues to be meaningfully undersupplied in the US

- According to The Rosen Group the deficit is estimated at³
 - 2.4 million units in multifamily
 - 2.0 million units in single family

1. RealPage, as of January 2023.

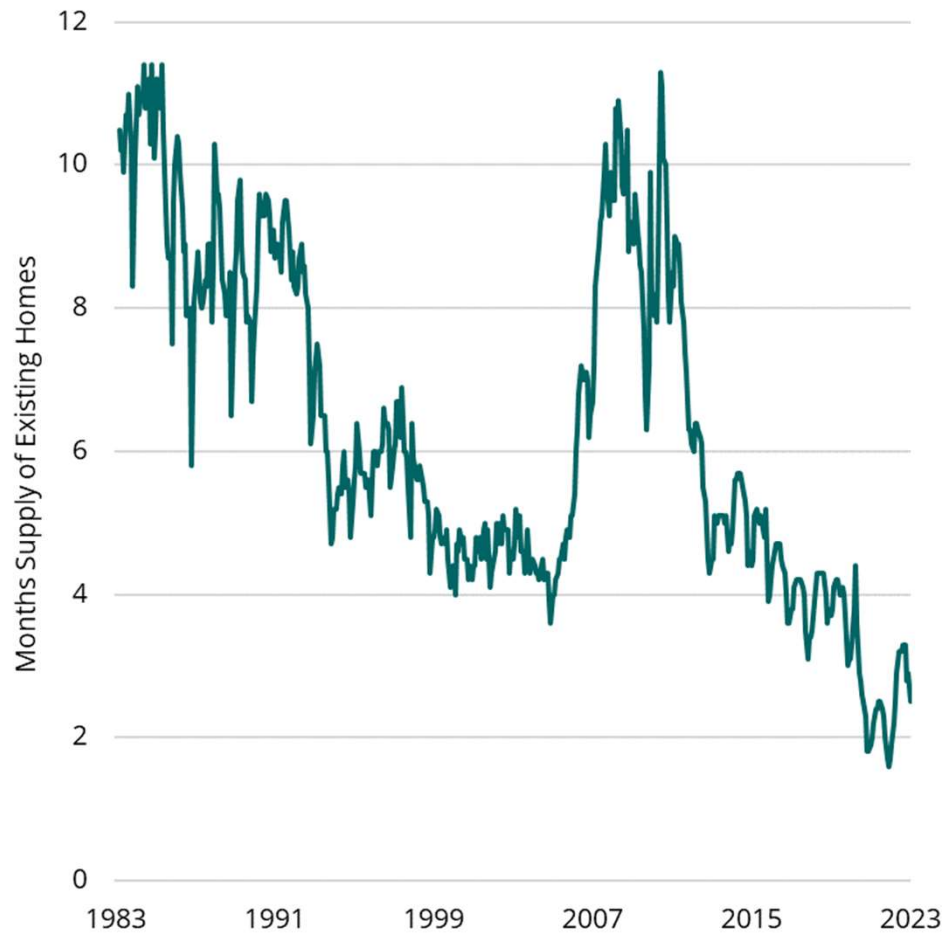
2. Moody's Analytics, Baseline Scenario, as of February 2023.

3. Rosen Consulting Group, *Housing is Critical Infrastructure: Social and Economic Benefits of Building More Housing*, June 2021

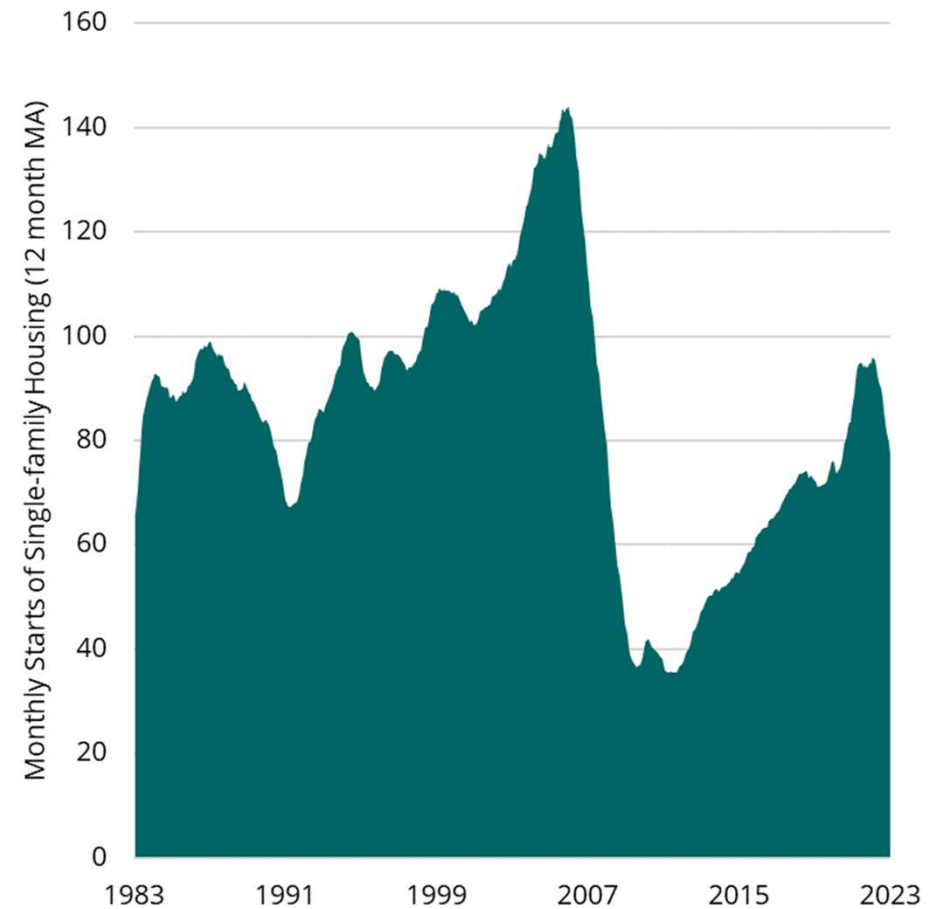
TIGHT HOUSING MARKET CONDITIONS WITH DECELERATING FORWARD PIPELINE

SLOWDOWN IN NEW SINGLE-FAMILY STARTS BEGAN AS INTEREST RATE HIKES ACCELERATED

Supply of Existing Homes Is Approaching the Tightest Conditions on Record at 2.5 Months¹



New Single-Family Starts Are Down Nearly 25% from the 2022 Peak¹

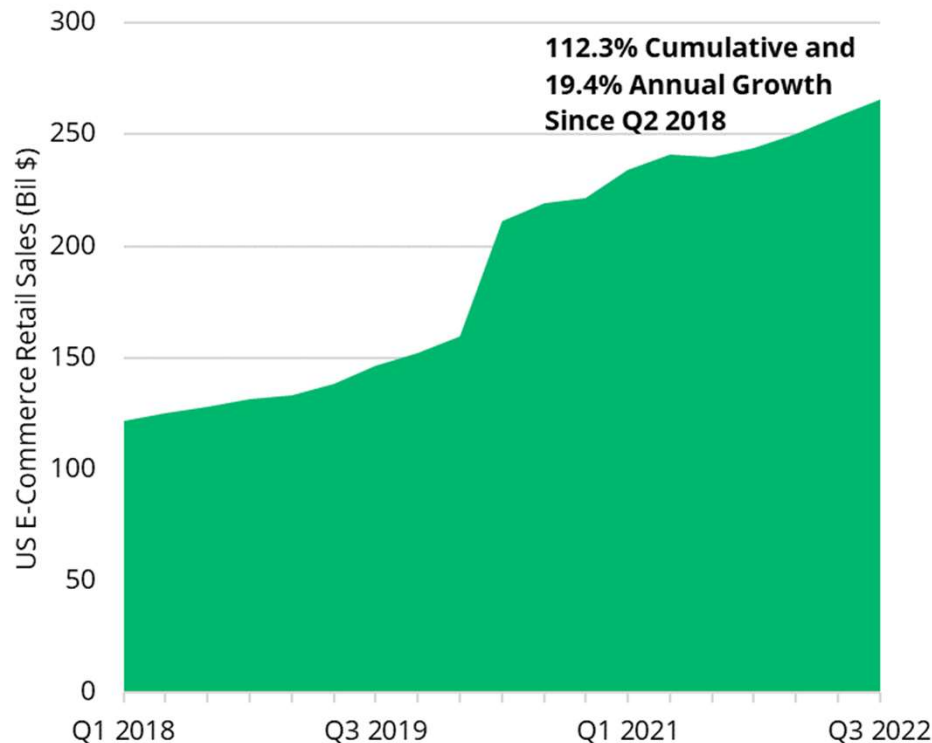


1. Bloomberg, National Association of Realtors, as of April 18, 2023.
2. Bloomberg, US Census Bureau, as of April 18, 2023.

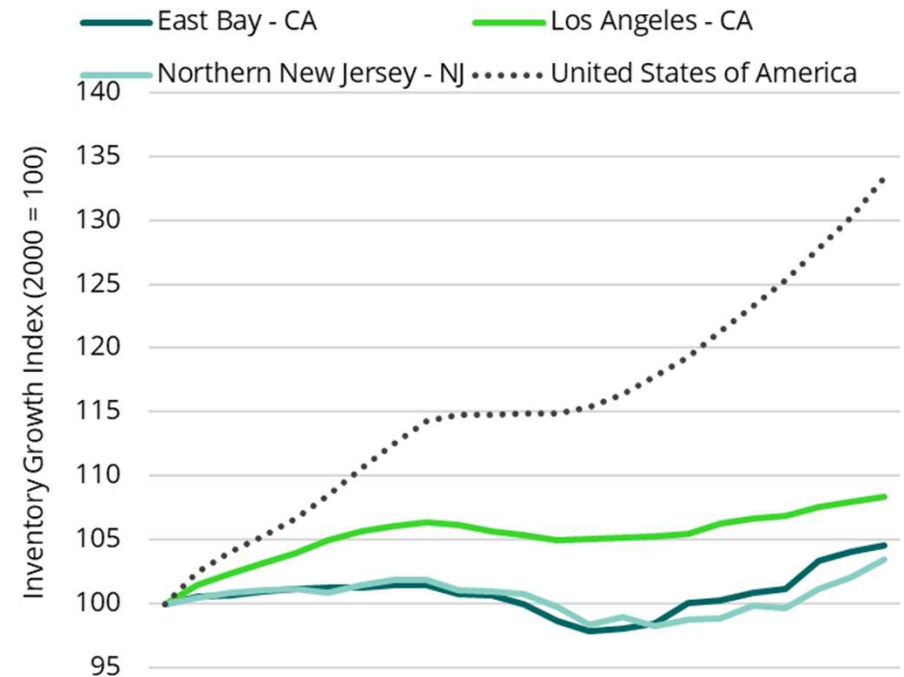
LOGISTICS & MANUFACTURING

DEMAND FUNDAMENTALS DRIVEN BY E-COMMERCE AND RESHORING OF MANUFACTURING

US E-Commerce Retail Sales¹



Logistics Supply Growth in Key Markets²



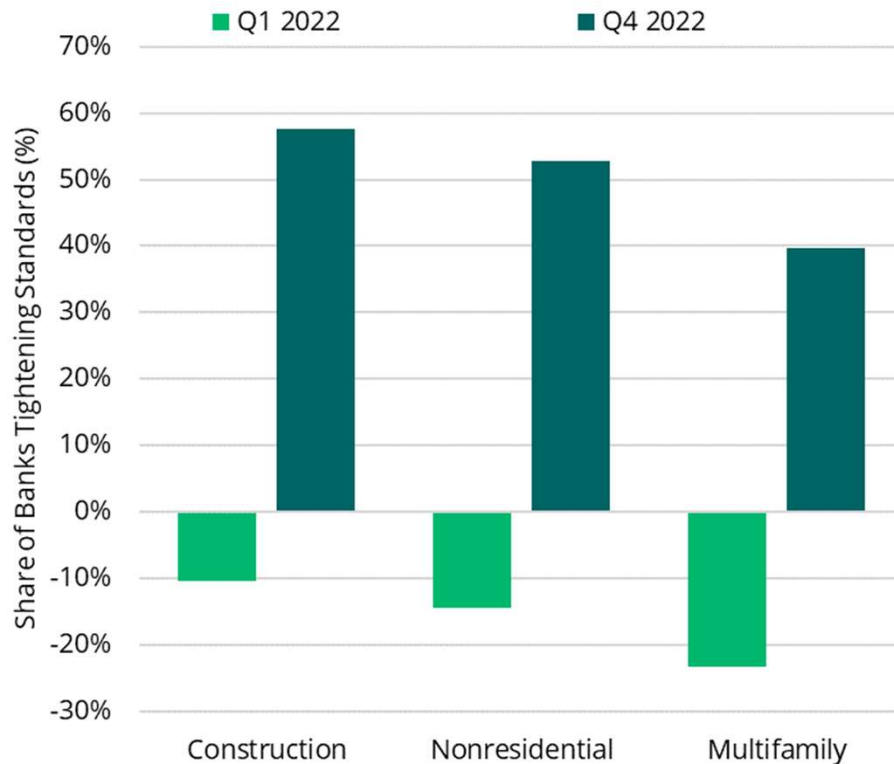
Demand Fundamentals driven by three tailwinds:

- Online Retail Growth
- Onshoring – supply chain restructuring
- Retailer inventory control and restructuring

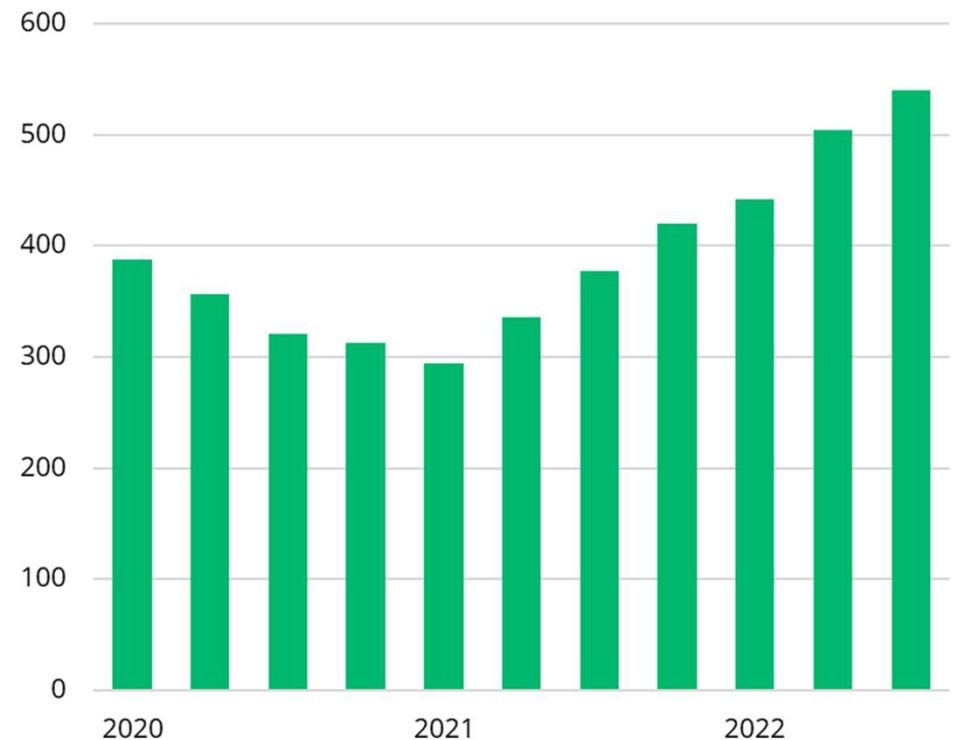
PRIVATE CRE DEBT

WELL POSITIONED TO CAPTURE MARKET SHARE AS
CONVENTIONAL LENDERS FACE REGULATORY HURDLES

Share of Banks Tightening Standards for CRE Loans¹



Banks Exceeding 2006 CRE Concentration Guidance²



Most Banks are unable or unwilling to lend or extend credit

- Near term private lenders will be gaining significant market share
- Bank issues should lead to attractive loan sale portfolios

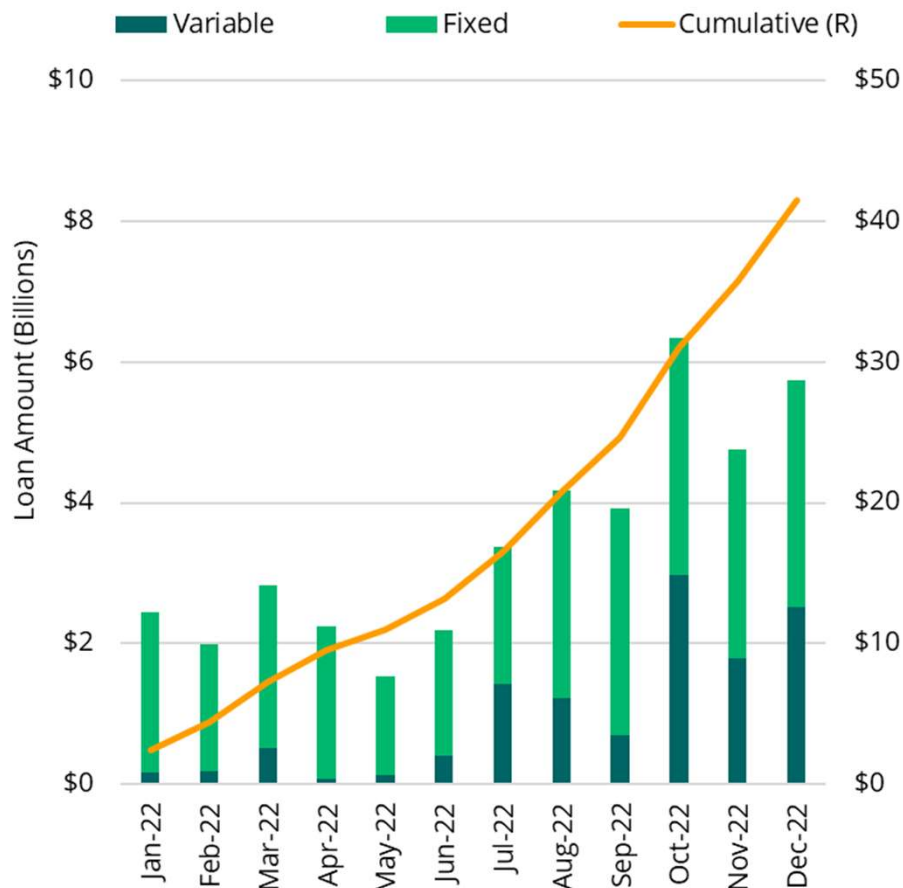
1. FRED, Board of Governors of the Federal Reserve System, Senior Loan Officer Opinion Survey on Bank Lending Practices, as of Q3 2022.

2. S&P Global Market Intelligence, Delinquency Rate of Commercial Real Estate Loans at US Banks Drops in Q3, 21 December 2022. S&P Global Market Intelligence, US Banks Exceeding CRE Regulatory Guidance Hit Multiyear High in Q2, 21 September 2022.

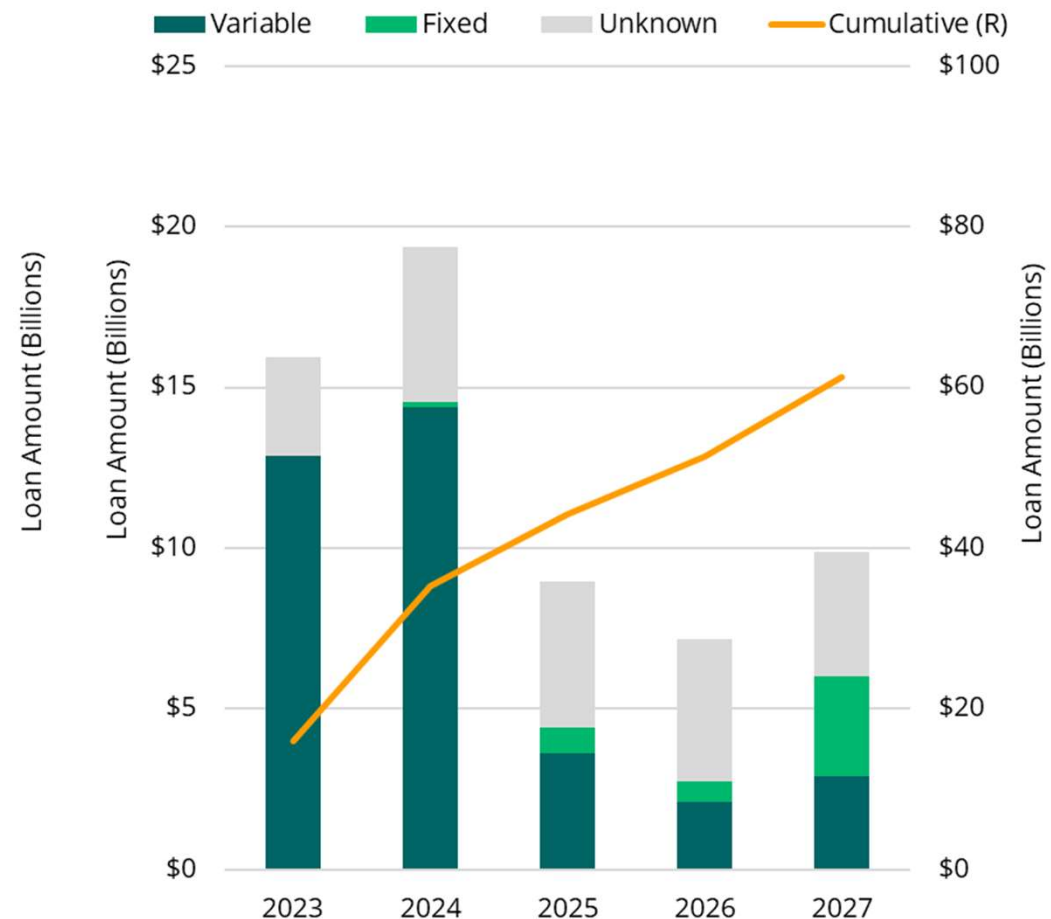
WHERE WE SEE DEBT CAPITAL MARKETS AS A SOURCE OF OPPORTUNITY

FAST RISING RATE ENVIRONMENT HAS CREATED A PERFECT STORM OF OPPORTUNITY

Total Distressed Loans in 2022¹



Maturing Multifamily Debt by Year, Originated from 2020 to H1 2022²



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 1. MSCI Real Capital Analytics, as of February 2023. Asset Classes include Multifamily, Industrial, Office, and Senior Housing.
 2. MSCI Real Capital Analytics, as of February 2023.

THE OPPORTUNITY SET

WHERE WE HAVE CONVICTION

Housing is critically undersupplied. Near-term supply pipelines likely to wane due to higher rates and limited availability of debt.

Logistics and manufacturing are benefiting from three tailwinds: online retail, supply chain restructuring, and retailer logistics investment.

Private debt funds are positioned to take market share as conventional lenders are sidelined plus acquisition opportunities for existing debt.

Meaningful opportunities to acquire attractive, high-quality assets due to debt service stress, maturities, and other dislocations.

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