

# State of the Market

## Financial Executives International Presentation

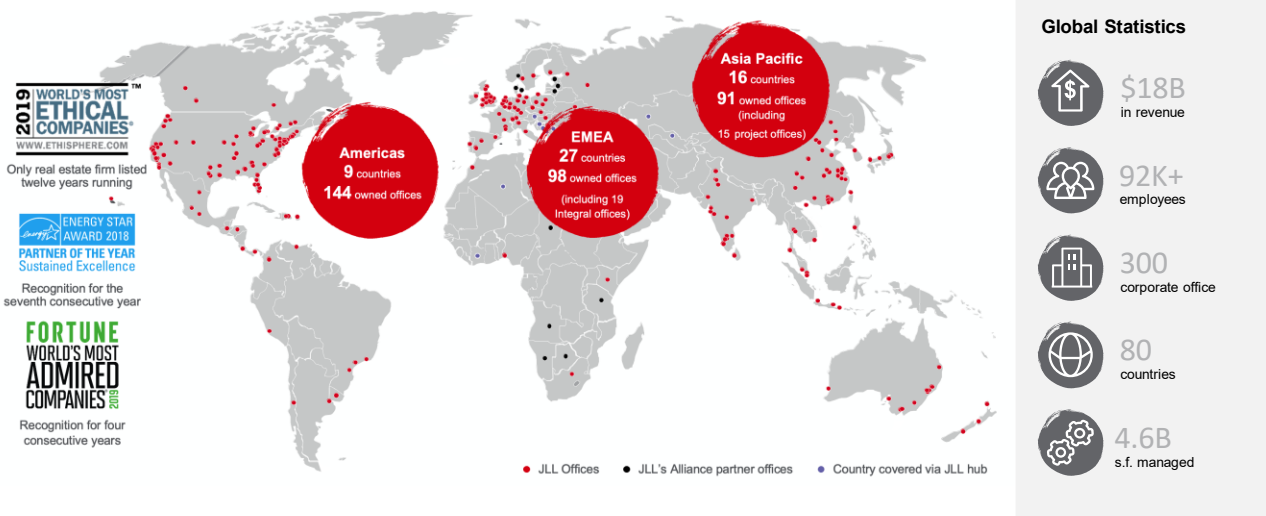
January 12, 2021

Brad Selner  
President – South Central Region

Conor McCarthy  
Managing Director

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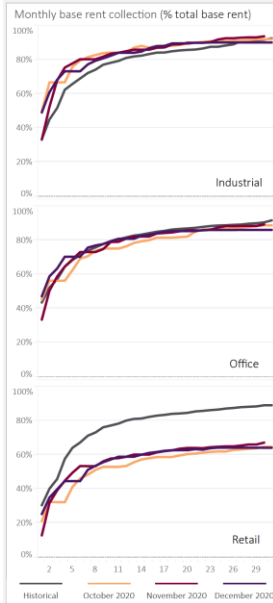
## JLL: Global capabilities overview



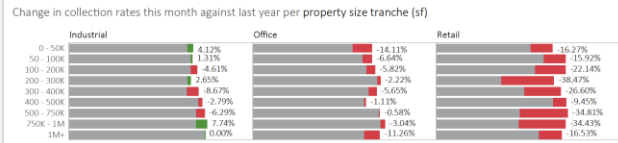
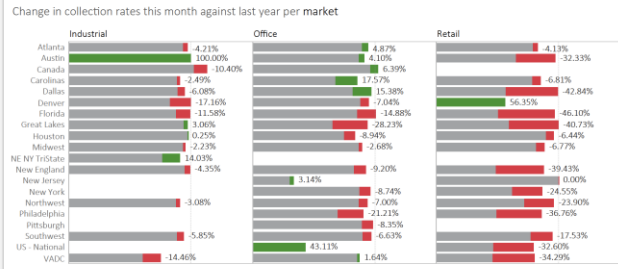
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# U.S - Base Rent Collection Report

## Office, Industrial & Retail Base Rents



		December 2020	December 2019	November 2020	October, November, December 2019	October, November, December 2020
United States	Industrial	90.05%	93.25%	93.68%	92.52%	91.90%
	Office	86.00%	91.10%	89.23%	91.22%	87.96%
	Retail	64.12%	91.27%	67.14%	89.71%	65.32%
		83.60%	91.41%	86.81%	91.20%	85.40%
Canada	Industrial	102.60%	113.00%	102.88%	113.00%	102.85%
	Office	102.64%	96.24%	102.26%	86.42%	100.07%
		102.62%	104.46%	102.61%	98.61%	101.60%
Total North America		83.73%	91.50%	86.92%	91.25%	85.51%



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# DFW Market Observations

## Key takeaways

1. Dallas's diverse economy has put us ahead of most large markets when it comes to re-entry & recovery
2. Sublease space and vacancy increased significantly in 2020 as companies try to reduce expenses on office space not being used
3. Relocation activity has picked up which suggests Dallas will be a quick beneficiary in the recovery

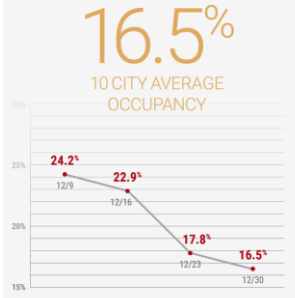
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# DFW Market: Dallas leading re-entry



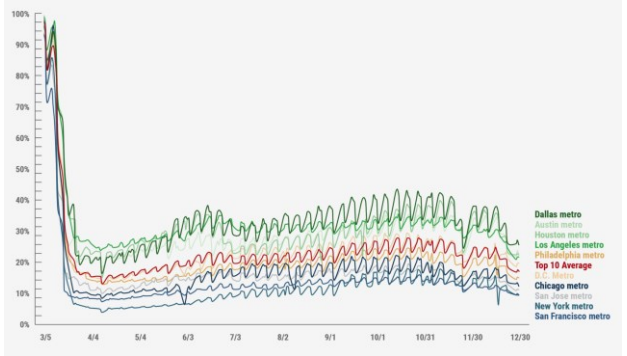
## Weekly Occupancy Report from Kastle Access Control System Data

### BAROMETER THIS WEEK



	Wed 12/23	Wed 12/30	% Change
Los Angeles metro	24.1%	21.4%	2.7% ▼
San Jose metro	12.4%	10.6%	1.7% ▼
Philadelphia metro	20.8%	19.3%	1.5% ▼
New York metro	10.5%	9.0%	1.5% ▼
Washington D.C. metro	16.0%	14.6%	1.4% ▼
<b>Average of 10</b>	<b>17.8%</b>	<b>16.5%</b>	<b>1.3% ▼</b>
Chicago metro	13.2%	11.9%	1.3% ▼
San Francisco metro	9.8%	8.8%	1.0% ▼
Houston metro	22.9%	22.0%	0.9% ▼
Dallas metro	25.7%	25.3%	0.5% ▼
Austin metro	22.6%	22.5%	0.1% ▼

### OCCUPANCY OVER TIME – MARCH 5 TO DECEMBER 30



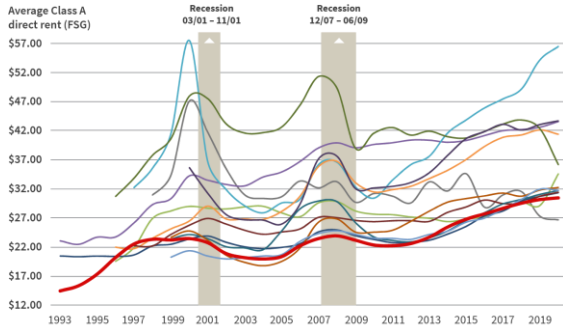
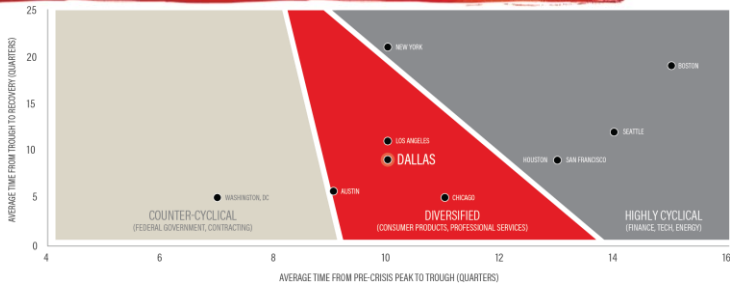
Kastle customers are in 2,681 buildings in 138 cities. The Barometer reflects daily swipes of Kastle access controls from the top 10 cities. It summarizes recent weekday building access activity among our business partners, not a national statistical sample.

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# DFW Market Observations: Impact on Commercial Real Estate & Labor Markets



DFW's diverse economy and consistent job growth have provided resilience during previous downturns. In prior downturns, DFW has progressed through the trough and recovered faster than most major metros as it is far more diverse than the coastal cities.



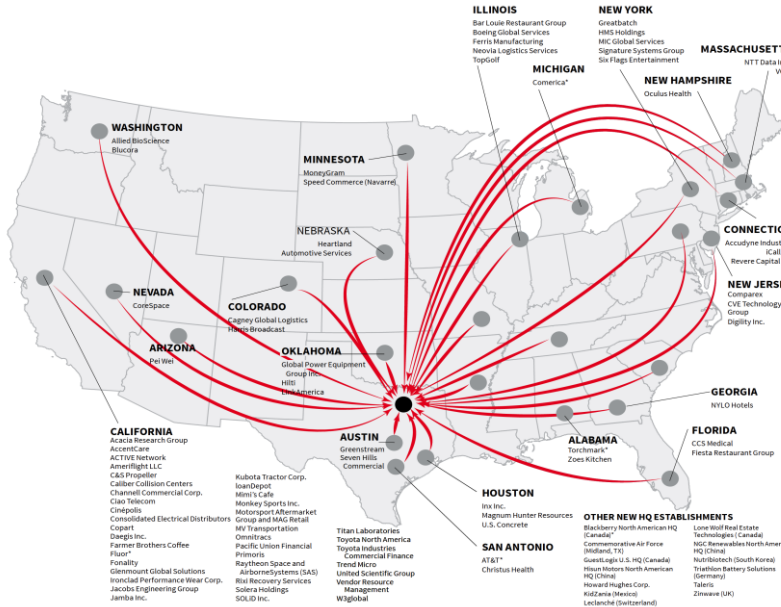
### CLASS A RENTS

DFW's Class A office rents have seen more moderated peaks and valleys than the other major US markets. Like all major markets, past slowdowns have affected DFW office rents, but it has seen substantially less volatility.

- DFW
- Tampa
- Denver
- Phoenix
- Seattle
- NY-NJ
- Philadelphia
- Atlanta
- Los Angeles
- Bay Area
- DC
- Chicago
- Boston

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# DFW Market Observations: Acceleration of Corporate Relocations



**144**  
Corporate Headquarters  
have relocated to DFW  
Since 2010

DRC tracking 89 potential  
relocations, up 46 since  
Covid.

**DFW**  
Is home to  
**24 Fortune 500 Companies**  
& **44 Fortune 1000**  
Companies

The only Region In the U.S.  
to host **3 Fortune 10**  
Companies No other U.S.  
metro has more than one

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# Future of Work: Employee preferences are shifting



In JLL's latest research\*, we have analyzed employee sentiments of more than 2,000 office workers across 10 countries.

## Key insights uncovered by the research include:

**1** Remote working

72% of employees want to continue working from home. Majority want at least 2 days a week.

75% expect their company to support work at home.

24% of employees want to work exclusively in office.

70% in favor of hybrid model.

**2** Employee engagement

Work-life balance (72%) has overtaken securing a comfortable salary (69%).

A conscious, local and healthy lifestyle is as important as purpose in their work.

74% attracted by 4-day work week.

3 out of 4 expect employer to support their health, well-being and nutrition.

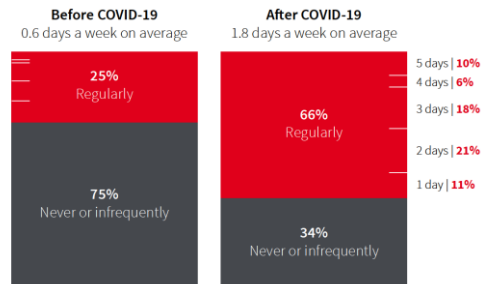
**3** Human connection

1 in 3 are asking for less dense work environments and digital interactions when possible.

Spaces that foster socialization and direct connection to the outdoors.

1 in 2 expect new workspaces to support meeting with remote workers.

## Work-from-home frequency



\* Online survey of 2,033 office workers across 10 countries, spanning all major industries conducted October 2020.

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# Future of Work: Reimagine the “Hybrid” Workplace Continuum



Six Emerging Models for “Hybrid” On-site and Remote Working – McKinsey, July 2020

			Ability to Access Talent	Productivity (Individual & Team)	Cost of Real Estate
Almost Entirely on Premises	1) Limited remote work with large headquarters	Company leaders and employees are centralized in 1–2 big principal offices			
	2) Partially remote work with large headquarters	Company leaders and most employees spend majority, but not all, of their time within 1–2 principal offices			
Hybrid Models	3) Partially remote work with multiple hubs	Multiple proportionate-size offices with leadership and employees dispersed among all offices			
	4) Multiple micro-hubs	Leadership and employees dispersed across small-footprint “micro-hubs” located in various geographies			
	5) Partially remote work with flexspace <sup>1</sup>	No permanent offices; rented flex space used for periodic in-person collaboration (but not connectivity)			
Almost Entirely Off Premises	6) Mostly remote work with no office sites				

<sup>1</sup> Flex space includes temporarily (eg, monthly) rented space used in select cities for periodic gathering and collaboration.

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# Future of Work: Integrated Framework to Reimagine



## The Adaptive / Resilient / Sustainable / Responsible Enterprise



CRE: Corporate Real Estate

## Digital Transformation & Technology Enablement

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